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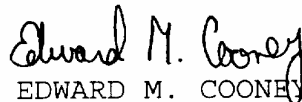
ACTION BY:    Regional Offices  
                   State Agencies

FNS Handbook 501, The Food Distribution Program  
on Indian Reservations

This Notice transmits FNS Handbook 501, The Food Distribution Program on Indian Reservations. This Handbook replaces FNS Handbook 501 issued in August 1979, and includes policy memoranda and procedures that have been issued since that date.

The Handbook provides guidance to FNS offices, State Agencies, and Indian Tribal Organizations concerning the administration of the Food Distribution Program on Indian Reservations.

Remove from Manual and destroy FNS Handbook 501 issued in August 1979. Insert this Handbook.

  
 EDWARD M. COONEY  
 Deputy Administrator  
 for Special Nutrition Programs

Attachment

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*Revisions to this Handbook will be issued as revised pages. They will be issued with a transmittal sheet indicating Change 1, Change 2, etc. Form FNS.221, Record of Changes, is included in the front of this Handbook for recording changes. Consistent use of the Record of Changes will assure that the Handbook is current and up to date.*

The date and number of the change will appear at the bottom left of the revised page. Asterisks in the margin will indicate lines that have been revised.

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FORM FNS-378 (10-79)

## FNS Handbook 501



**United States  
Department of  
Agriculture**

**Food and  
Nutrition  
Service**

Alexandria, VA

**FCS Handbook 501**

# **The Food Distribution Program on Indian Reservations**

**December 1998**

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E	Sample Copy of Form FNS-101
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H	Principles for Determining Costs Applicable to Administration of the Food Distribution Program on Indian Reservations
I	Sample Copy of SF-424
J	(Reserved)
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M	Food Distribution Program on Indian Reservations Net Monthly Income Standards
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## CHAPTER I GENERAL PROVISIONS

### SECTION 1 - BACKGROUND

#### 1100 **PURPOSE**

The FNS Handbook 501 provides States and Indian Tribal Organizations guidance on the administration of the Food Distribution Program on Indian Reservations. The chapters within the handbook cover all aspects of the program including financial management, certification of households, and food ordering and inventory control.

#### 1110 **DEFINITIONS**

The definitions used in this handbook are defined

- A. "Application Form"** means (1) the application for participation in the Food Distribution Program designed by State agencies and acceptable to FNS which is completed by a responsible household member or authorized representative; or (2) for households which are processed under joint public assistance (PA) or general assistance (GA) and Food Distribution. It may also mean the application form used to apply for public assistance or general assistance, including attachment for other needed information, which is completed by a responsible household member or authorized representative.
- B. "Assistance Household"** means any household in which all members are recipients of public assistance, supplemental security income, except in "cash-out" States, or certain general assistance programs which FNS has determined to have criteria of need the same as, or similar to, those applied under any of the Federally aided public assistance programs.
- C. "Authorized Representative"** means an individual designated by a responsible member of the household to act on behalf of the household in making application for commodities and/or obtaining commodities.
- D. "Boarder"** means an individual to whom a household furnishes meals or meals and lodging for compensation.
- E. "Categorical Eligibility"** means that an assistance household shall, if otherwise eligible, be determined eligible to participate in the Food Distribution Program without regards to the income and resources of the household members.
- F. "Consignee"** means a person such as a warehouseman, to whom USDA donated foods are shipped for storage and/or handling until they are utilized in the Food Distribution Program.
- G. "Department"** means the United States Department of Agriculture (USDA).

- H. "Disqualified Member"** means an individual disqualified from participation in the Food Distribution Program for fraud.
- I. "Entity Code"** means a numbered code assigned by the Kansas City Commodity Office which incorporates all the necessary shipping information for each destination.
- J. "Exercises Governmental Jurisdiction"** means the active exercise of the legislative, executive or judicial powers of government by an Indian tribal organization.
- K. "First-In, First-Out"** means the first shipments of each food item should be the first food distributed to recipients.
- L. "Food and Nutrition Service Area"** means the area for which FNS has approved the Food Distribution Program on Indian Reservations in Oklahoma, excluding urban places.
- M. "Food Distribution Program"** means a food distribution program for households on Indian reservations operated pursuant to Sections 4(b) and 1304(a) of P.L. 95-113.
- N. "General Assistance (GA) Household"** means a household receiving cash or another kind of assistance, excluding in-kind assistance, financed by State or local funds as part of a program which provides assistance to cover living expenses or other basic needs intended to promote the health or well being of recipients.
- O. "Head of Household"** means a responsible household member in whose name the application is made for participation in the program.
- P. "Indian Tribal Household"** means any household in which at least one household member is recognized by any Indian tribe as a tribal member.
- Q. "Indian Tribal Organization"** means (1) the recognized governing body of any Indian tribe on a reservation; or (2) the tribally recognized intertribal organization which the recognized governing bodies of two or more Indian tribes on a reservation authorized to operate the Food Stamp Program or Food Distribution Program on their behalf.
- R. "Indian Tribe"** means (1) any Indian tribe, band, or other Indian group organized under the Oklahoma Indian Welfare Act of 1936, and which has a tribal organization approved by the Bureau of Indian affairs, for example, a Rancheria, Pueblo, or colony, and including any Alaska Native village or regional or village corporation (established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688), and that is on a reservation and recognized as eligible for Federal programs and services provided to Indians because of their status as Indians; or (2) any Indian tribe or band on a reservation holding a treaty with a State government
- S. "Near Area"** means an area outside the geographic boundaries of the reservation which has been approved by FNS for service to the Food Distribution Program on Indian Reservations. Urban places in near areas cannot be served.
-



**T. "Nonassistance Households"** means any household in which one or more members do not participate in a public assistance, supplemental security income or general assistance program that FNS has determined to have criteria of need the same as, or similar to, those applied under any of the Federally aided public assistance programs.

**U. "Perpetual Inventory"** means that inventory records for USDA donated commodities should be updated immediately after shipments into and out of the warehouse.

**V. "Public Assistance (PA) Household"** means a household which receives means under any of the following programs authorized by the Social Security Act of 1935, as amended: Old-age assistance, Temporary Assistance to Needy Families (TANF), aid to the blind, aid to the permanently and totally disabled, and aid to aged, blind, or disabled.

**W. "Reservation"** means the geographically defined area or areas over which an ITO exercises governmental jurisdiction so long as such area or areas are legally recognized by the Federal or a State government as being set aside for the use of Indians.

**X. "Roomer"** means an individual to whom a household furnishes lodging for compensation.

**Y. "Secretary"** means the Secretary of the United States Department of Agriculture.

**Z. "Spouse"** refers to either of two individuals: (1) who would be defined as married to each other under applicable State law; or (2) who are living together and are holding themselves out to the community as husband and wife by representing themselves as such to relatives, friends, neighbors, or tradespeople.

**AA. "State"** means any one of the fifty States, the District of Columbia, and the reservation of an Indian tribe whose ITO meets the requirements of the Food Stamp Act of 1977 for participation as a State agency.

**BB. "State Agency"** means (1) the agency of State government, including the local offices thereof, which enters into an agreement with FNS for the distribution of commodities on all or part of an Indian reservation(s); and (2) the ITO of any Indian tribe, determined by the Department to be capable of effectively administering a Food Distribution Program, which enters into an agreement with FNS for the distribution of commodities on all or part of an Indian reservation.

**CC. "Student"** means an individual who is attending at least half-time a preschool, kindergarten, grade school, high school, vocational school, technical school, training program, college or university.

**DD. "Urban Place"** means a town or a city with a population of 10,000 or more.

**EE. "Vendor"** means a food processor that sells food to USDA for use in the Food Distribution Program.

**SECTION 2 - ADMINISTRATION****1200 REQUIREMENTS FOR STATE AGENCY ADMINISTRATION OF PROGRAMS 1210****PLAN OF OPERATION**

The State Agency which assumes responsibility for administering the Food Distribution Program shall submit a plan of operation (see Exhibit A, attached) for approval by U.S. Department of Agriculture's Food and Nutrition Service (FNS). No Administrative Funds or USDA Commodities will be available until FNS approval is obtained. Part 253.5 of the Regulations for Administration of the Food Distribution Program to Households on Indian Reservations gives detailed requirements for the Plan of Operation.

**1211 Amendments to Plan of Operation**

All amendments to the Plan of Operation must be approved by FNS prior to the initiation of any significant changes in operation which are contrary to or not embraced by the Plan. Either the State Agency or FNS may initiate an amendment to the Plan of Operation.

**1212 Submission of Plan of Operation to the ITO and Governor**

When the State Agency is other than an ITO the State Agency shall submit its Plan of Operation and any subsequent amendments to both the ITO and State Governor, or the Governor's delegated authority for comment at least 45 days prior to submission of the Plan or amendment to FNS. Comments by the Governor, or the Governor's delegated authority and the ITO shall be attached to the Plan or amendment which is submitted to FNS.

**1213 Agreements**

Each participating State Agency shall execute Form FNS-74, Federal State Agreement (see Exhibit B, attached), as specified in applicable Regulations.

**1220 STAFFING**

The State Agency shall employ sufficient staff to order and provide for warehousing of USDA commodities; certify households; distribute USDA Commodities to eligible households; account for administrative funds; review local agency operations and provide assistance when needed, prepare and submit required reports and records; process fair hearing requests; and perform outreach activities and other program functions as specified in this Handbook and in the Plan of Operation. The State Agency shall be responsible for meeting quality and timeliness standards described in this Handbook.

**1221 Salaries**

When any part of administrative funds is used for salaries of persons employed by the State agency, salary rates shall be those established under the State agency's merit personnel system;

however, where there are no positions classified and no salary rates established for persons employed by the State agency, the rates shall be those of positions requiring comparable skills and responsibility in the private sector. Salary paid persons employed at the local level shall be commensurate with or equivalent to, but not in excess of, salaries paid for comparable positions or work in local government in the same geographic area; however, no person employed shall be paid less than the Federal minimum wage scale. (See FNS Instruction 716-4, Administrative Budget Negotiation Guidance for the Food Distribution Program on Indian Reservations, for FNS policies on cost of living increases, merit awards, promotions, and bonuses.)

### **1222 Administrative Personnel**

State agency personnel used in certification shall be employed in accordance with the standards for a Merit System of Personnel Administration. When appropriate, the ITO personnel system may be used if its procedures are similar. State agency employees meeting the above requirements shall perform the certification interviews of households applying for the Food Distribution Program.

### **1223 Use of Other Staff**

Volunteers and other non-State agency employees shall not conduct certification interviews or certify food distribution applicants. State agencies are encouraged to use volunteers in related activities such as outreach, interpreting, prescreening, assisting applicants in completing the application, and securing needed verification.

### **1224 Activities Prohibited by Staff**

- A State agency which accepts FNS administrative funds shall insure that any officer or employee who performs duties in connection with this program, shall not:
- A. Use authority or influence for the purpose of interfering with an election or a nomination for office, or affecting the result thereof;
  - B. Directly or indirectly coerce, attempt to coerce, command, or advise any other such officer or employee to pay, lend, or contribute any part of his salary or compensation or anything else of value to any party committee, organization, agency, or person for political purposes; or
  - C. The distribution of USDA commodities shall not be used to further the political interests of an individual or party. This applies to tribal elections as well as local/State/national elections. (See paragraph 1360, below).

**1230 TRAINING**

The State Agency shall have a continuing training program for food distribution certification and distribution workers, hearing officials, field supervisors who review local Food Distribution Programs, outreach staff, individuals involved in prescreening activities, volunteers, and warehouse workers.

**1231 Content of Training**

State Agency training programs shall cover, as appropriate, eligibility criteria, certification procedures, household rights and responsibilities (including non-discrimination rights), other job-related responsibilities concerning the certification of households (for example, interviewing skills) and commodity receipt, storage, distribution and accountability practices. The content of training programs shall be reviewed by the appropriate FNS Regional Office and changes made where necessary. Changes in policy or procedures arising from court actions or revisions to legislation and regulations shall be promptly reflected in State Agency training programs.

**1232 Public Attendance**

The State Agency shall allow public attendance at formal certification training sessions that are conducted on a Statewide, citywide or reservation-wide basis.

**1240 ANNUAL REVIEW REQUIREMENTS**

The State Agency shall monitor and review local agency operations at least annually to ensure compliance with all the requirements for administration of the Food Distribution Program. Program deficiencies shall be documented and specific plans for corrective action shall be initiated to correct the deficiencies noted.

**1241 Reviews**

Reviews of local agencies shall include, but not be limited to certification of households, determination of food preferences, distribution of USDA Commodities, compliance with Title VI of the Civil Rights Act of 1964 and other applicable civil rights legislation, fair hearing procedures, warehousing and inventories, and timeliness and accuracy of reports to FNS. Program reviews and corrective action plans shall be available to FNS upon request.

**1242 Supervisory Assistance**

The State Agency shall provide assistance to local agencies, as needed, to prevent and/or correct program deficiencies. This assistance may include providing written instructions and on-the-job training as well as formal training sessions.

**1250 NONDISCRIMINATION**

State Agencies shall not discriminate and shall not allow discrimination against any applicant or participant in any aspect of program administration, including, but not limited to, the certification of households, the distribution of USDA Commodities, the conduct of fair hearings, or the conduct of any other program service for reasons of age, race, color, sex, disability, religious creed, national origin or political beliefs. Enforcement action may be brought under any applicable Federal law. Title VI compliance shall be processed in accord with 7 CFR Part 15, USDA's regulations on nondiscrimination and FNS Instruction 113-3, Rev.2, Civil Rights Compliance and Enforcement - Food Distribution Program.

**1260 FNS NONDISCRIMINATION COMPLAINT PROCEDURES**

People who believe that they have been subject to discrimination may file a complaint with the Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C. 20250-9410.

**1261 Complaint Requirements**

Complaints should contain the following information to facilitate investigations:

- A. Name, address and telephone number or other means of contacting the person alleging discrimination.
- B. Location and name of organization or office which is accused of discriminatory practices. C. The nature of the incident or action that led the complainant to allege discrimination.
- D. The reason for the alleged discrimination (age, race, color, sex, disability, religious creed, national origin or political belief).
- E. The names, titles (if appropriate) and addresses of persons who may have knowledge of the alleged discriminatory acts.
- F. The date or dates on which the alleged discriminatory action(s) occurred.

**1262 Verbal Complaints**

If a complainant makes allegations verbally and is unable or is reluctant to put the allegations in writing, the person to whom the allegations are made shall document the complaint in writing. Every effort shall be made by the individual accepting the complaint to have the complainant provide the information listed in subparagraph 1261, above.

**1263 Submission of Complaints**

Complaints will be accepted by the Director, Office of Civil Rights, at the address contained in paragraph 1260, above, even if the information listed in subparagraph 1261, above, is not complete. However, an inquiry can only be conducted if the information in subparagraphs 1261 B, C, and D, above, is provided.

**1264 Time Limit for Filing a Complaint**

A complaint must be filed no later than 180 days from the date of the alleged discrimination. However, the time for filing may be extended by the Director, Office of Civil Rights, at the address contained in paragraph 1260, above.

**1265 Public Notification**

State Agencies shall:

- A. Publicize the procedures for handling civil rights complaints;
- B. Ensure that all offices involved in administering the program and that also serve the public display the non-discrimination poster provided by FNS; and
- C. Ensure that participants and other low income households have access to information regarding nondiscrimination status and policies, complaint procedures, and the rights of participants, within ten days of the date of a request.

**1270 SANCTIONS**

If the State Agency does not comply with the Plan of Operation and the Regulations, FNS has the option to withhold administrative funds and/or to disqualify the State Agency from making further distribution of USDA Commodities to households. In addition, FNS may take other actions, including prosecution under applicable Federal Statutes, when necessary.

### **SECTION 3 - GENERAL REQUIREMENTS**

#### **1300 OUTREACH**

The State Agency shall inform potentially eligible households of the availability of the Food Distribution program and shall provide printed program information in appropriate language(s) to potential recipients and to other interested persons. The outreach material shall explain eligibility requirements, contain information about a household's right to file an application on the same day it contacts the certification office, contain the required nondiscrimination statement and civil rights complaint procedure, and outline the household's rights to a fair hearing.

#### **1301 Referral**

The State Agency shall obtain information about the general eligibility requirements of other available assistance programs and provide potentially eligible persons the addresses and telephone numbers of local program offices. Such programs include the Supplemental Food Program for Women, Infants, and Children (WIC) or the Commodity Supplemental Food Program, if available; the Supplemental Security Income Program (SSI); and appropriate public and general assistance programs.

#### **1310 AVAILABILITY OF INFORMATION**

Regulations, Plan of Operations, Federal procedures, such as handbooks, and State Agency certification and distribution manuals and supplemental instructions issued for use in certifying or distributing to households shall be maintained in the State office and all local offices of the State Agency for examination by members of the public on regular workdays during regular office hours.

State Agencies shall also provide clearly written information, such as brochures or pamphlets, that describe basic financial and nonfinancial eligibility criteria, the application process and participant rights and responsibilities. This written information shall be distributed at food stamp and food distribution certification offices and distribution points, public assistance and general assistance offices and shall be made available to local social security offices, and local offices that administer unemployment compensation programs. State Agencies shall contact those offices to enlist their cooperation in distributing the written information.

#### **1320 BILINGUAL STAFF AND MATERIALS FOR RESERVATIONS**

Where either an estimated 100 or more low-income households or the majority of low-income households speak the same non-English language (a single-language minority), the State Agency shall provide bilingual outreach and certification materials, and staff or interpreters as specified in the Regulations. Sufficient bilingual staff shall be provided to assure timely processing of non-English speaking applicants. Single-language minority refers to households which speak the same non-English language and which do not contain adult(s) fluent in English as a second language. If the non-English language is spoken but not written, the State Agency shall provide bilingual staff, if required, but not bilingual material.

**1321 Certification Materials**

Certification materials shall include the food distribution application form, notices to households, and forms developed by the State Agency for reporting changes in household circumstances.

**1322 Notices**

If notices are required in only one language other than English, they may be printed in English on one side and in the other language on the reverse side. If the certification office is required to use several languages, the notice may be printed in English and may contain statements in other languages summarizing the purpose of the notice and the telephone number to call for more information. For example, a notice of eligibility could, in the appropriate language(s), state "Your application for food distribution has been approved in the amount stated above. If you need more information telephone 111-555-1111."

**1330 DISCLOSURE OF HOUSEHOLD INFORMATION**

The State Agency shall restrict the use of disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the Food Distribution Program except that such information may be provided to agencies administering means-tested assistance program, such as title IV-A (TANF), XIX (Medicaid), or XVI (SSI) or general assistance, which accept applications for the Food Stamp Program.

**1340 HOUSEHOLD ACCESS TO CASEFILE**

If there is a written request by a responsible member of the household, its currently authorized representative, or a person acting on its behalf to review materials contained in the household's casefile, the material and information contained in the case file shall be made available for inspection during normal business hours. However, the State Agency may withhold confidential information, such as the names of individuals who have disclosed information about the household without the household's knowledge, or the nature or status of pending criminal prosecutions.

**1350 INDIAN TRIBAL ORGANIZATION (ITO) INVOLVEMENT**

When the State Agency is other than the ITO, the ITO may receive copies of certification and/or termination notices to the extent requested or agreed upon by the household. State Agencies and ITOs may establish a formal procedure to ensure ITO receipt of notices.

**1360 INFLUENCE OF POLITICAL INTERESTS**

The distribution of USDA Commodities shall not be used to further the political interests of any individual or party. This applies to tribal elections as well as local/State/national elections. The State Agency shall not display or allow local agencies to display political materials of any kind and shall not allow individuals or political parties to campaign on the Food Distribution grounds, in the Certification office or the Distribution Warehouse. (See subparagraph 1224 C, above).



**1370 PAYMENTS FOR USDA COMMODITIES**

Households shall not be required to make any payments in money, materials, services, or in kind for USDA Commodities and shall not be solicited for voluntary contribution for any purpose.

**1380 DUAL PARTICIPATION**

Dual participation by any household member in the Food Stamp and Food Distribution Programs is prohibited. Simultaneous participation in multiple Food Distribution Programs is also prohibited. The State Agency shall inform each applicant household of this prohibition and shall devise a method to prevent dual participation. This method shall, at a minimum, use lists of currently certified households provided by and provided to the appropriate Food Stamp State or local agency on a monthly basis. The State Agency may also use computer checks, address checks, and telephone calls to prevent dual participation.

**SECTION 4 - NUTRITION EDUCATION****1400 NUTRITION EDUCATION**

The State Agency shall publicize the benefits of USDA Commodities and how they can be used to contribute to a nutritious diet. In addition, the State Agency shall provide participating households with information on proper storage and care of USDA Commodities.

**1410 NUTRITION EDUCATION MATERIALS**

The State Agency shall make use of various Nutrition Education materials available from FNS, other Federal and State Agencies, Indian Health Service Nutritionists, Diabetes or Health Educators, and County Extension home economists in providing nutritional guidance to participating households. Some of the materials which may be used include visual displays, bilingual or illustrated recipes, and menus.

**1420 VOLUNTEERS AND COOPERATING ORGANIZATIONS**

The State Agency shall encourage cooperation from appropriate organizations and volunteers to promote better use and storage of USDA Commodities. County extension home economists, Expanded Food and Nutrition Education Program aides (if available on or near the reservation) and qualified volunteers may be used to hand out information, conduct taste tests and cooking demonstrations, and to make household visits to teach food preparation and storage methods with the facilities and tools on hand.

**1430 NUTRITION EDUCATION GRANTS**

FDPIR funds specifically earmarked by FNS for nutrition education shall be used to implement procedures or accomplish nutrition education objectives as identified by FNS and as appropriate on their reservations.

**SECTION 5 - RECORDS AND REPORTING****1500 RECORDS AND REPORTS**

The State agency shall keep such records and submit such reports as required by FNS. In addition, the State agency shall assure that local agencies are keeping records and submitting reports as required.

**1510 RETENTION AND MAINTENANCE OF RECORDS**

All program records shall be retained for a period of three years from the date of the submission of the final Financial Status Report, SF-269 or until all issues are resolved. These records include applications for certification and recertification, worksheets used in computing income for eligibility, documentation of verifications of eligibility criteria, notices to the distribution unit authorizing or changing participation, notices of adverse action, other notices sent to households and responses thereto, actions related to the fair hearing process, discrimination complaints, investigations and responses, fiscal records, including program expenditures, property records and financial reports, and food receipt distribution, inventory and loss records and reports. If any litigation, claim, or audit is in process, all records shall be retained until all litigation, claim, or audit findings involving the records have been resolved.

All records shall be maintained in an orderly manner and must be available for audit purposes. Records of different Federal fiscal years shall be maintained separately to facilitate easy access. Records must be safe-guarded from theft, fire, or other damage. When records are stored away from the principal office, a written index of the location of records should be on hand and ready access to them should be assured. Microfilm copies, computer backup disks, or tapes may be substituted for original records in the event data is required for audit purposes.

**1520 REPORTS - STATE AGENCY TO FNS**

The State Agency shall submit the following reports to FNS within the specified deadlines:

- A. SF-269, Financial Status Report. ITOs or State agencies receiving funds through a letter of credit or treasury check shall submit to the FNS Regional Office quarterly reports (see Exhibit C, attached) to document the use of such funds. This report shall be used by all State agencies receiving funds. The SF-269 shall be signed by an authorized State agency official and submitted to the appropriate Regional Office 30 days after the end of each quarter. The reporting dates are January 30, April 30, and July 30 for the first three quarters. The fourth quarter reporting date is October 30. The final report for the fiscal year is due December 30. ITOs or State agencies receiving nutrition education funds shall submit an SF-269A (see Exhibit C-I, attached) no later than 90 days following the close of the fiscal year (December 30).
- B. FNS-101, Participation in Food Programs by Race. The State agency shall submit the originals and fourth copies of Form FNS-101 (see Exhibit E) to the appropriate FNS Regional Office annually. Form FNS-101 shows the number of participants, by race, in the Food Distribution programs in the month of July. The FNS-101 report must be

received in the appropriate Regional Office by September 15. A computer-generated FNS-101 may be substituted in lieu of pre-printed forms.

### C. USDA Commodity Accountability Reports

1. FNS-155, Inventory Management Register. Distributing agencies shall complete and submit to the FNS Regional Office the Inventory Management Register (see Exhibit F, attached) reporting excessive commodity inventories only. The report is to be submitted no later than 30 calendar days after the end of the reporting month. Computer generated reports may be substituted in lieu of the pre-printed forms.
2. FNS-152, Monthly Distribution of Donated Foods to Family Units. All State agencies shall submit a Form FNS-152 (see Exhibit G, attached), for each of their local distribution sites. Agencies of State government, who distribute USDA donated foods directly to households, must submit an FNS-152 for their central warehouse. In addition ITO's must submit an FNS-152 for the ITO's central warehouse, whether the ITO distributes directly to households or not. The FNS-152 report shows USDA donated foods received and distributed, redonated or lost during the 30-day reporting period Form FNS-152 must be received in the appropriate Regional Office by the 15th day of the month following the month in which the donated foods were distributed.
3. Commodity Acceptability Reports (FNS-663). State agencies will be asked to provide commodity acceptability information to FNS on an annual basis.

### **1530 REPORTS - LOCAL AGENCY TO STATE AGENCY**

The State agency shall require the following reports from local agencies:

- A. FNS-152, Distribution of Donated Foods to Family Units. The State agency shall require local distribution sites to submit monthly inventory reports which must include USDA donated food receipts, distributions, transfers, and losses. The State agency shall use the Form FNS-152 (see Exhibit G, attached) for this purpose and shall provide it to the local agencies. The State agency shall require that the inventory reports be received in the State agency's office no later than the 10th day of the month following the month in which the USDA donated foods were distributed; i.e., August 10th for the USDA donated foods which were distributed in July.
- B. FNS-101, Participation in Food Programs by Race. The State agency shall require all local agencies to submit the original, second, and fourth copies of Form FNS-101 (see Exhibit E, attached.) to the State agency's office annually. Form FNS-101 shows the number of households participating by race, in the Food Distribution Program on Indian Reservations for the month of July. Computer generated reports may be substituted in lieu of the preprinted forms. The FNS-101 report must be received by the State agency by August 20. State agencies must submit the original and fourth copies to the appropriate Regional Office by September 15. If the State submits a computer generated FNS-101 report, only one copy needs to be submitted to the regional office.

**SECTION 6 - FNS REVIEWS OF PROGRAM OPERATIONS****1600 LOCAL AGENCIES**

FNS shall periodically review program operations at the local level to evaluate the effectiveness of the State Agency's administration and to assure that the program is in compliance with the Regulations, the Food Distribution Program Handbook, pertinent FNS instructions, and the Plan of Operation. These reviews shall include areas of program operation such as certification and warehousing, and inventory management. FNS shall evaluate the State Agency's plan for corrective action if program deficiencies are disclosed during the review.

**1610 STATE AGENCIES**

FNS shall review program operations at State Agency level at least annually to evaluate the effectiveness of the State Agency's training and assistance to local agencies, outreach activities, staffing, financial accountability and controls, certification and distribution procedures, program monitoring activities, complaints and fair hearing procedures, USDA commodity ordering procedures, warehousing facilities and practices, and all other aspects of the program which are governed by regulatory requirements or which impact on client services. The results of FNS's State Agency level review shall be documented in a formal Management Evaluation Report which shall contain recommendations for corrective action on program discrepancies. FNS shall consult with the State Agency to devise a corrective action plan on all major deficiencies and shall require that appropriate steps be taken to resolve such deficiencies within a specified time frame. FNS shall conduct follow-up reviews as needed to assure that corrective action has been implemented and is effective.

**SECTION 7 - AUDITS****1700 STATE AGENCY**

Audits are intended to ascertain the effectiveness of the financial management control and reporting systems as well as the internal procedures that have been established to meet the terms and conditions for Food Distribution Program funding.

Audit requirements for State, local, and Indian Tribal governments and non-profit organizations that receive from USDA direct (recipient) or indirect (subrecipient) financial assistance or cost-type contracts used to buy service or goods for the use of the Federal Government are contained in Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Indian Tribal Organizations." State and local governments that expend \$300,000 or more in Federal awards within their respective fiscal years shall have an audit made in accordance with Circular A-133. Specific guidance for the conduct of these audits is provided under 7 CFR Part 3052.

**1710 AUDIT AUTHORITY**

The USDA Office of the Inspector General (OIG) and the US General Accounting Office shall have the authority to conduct audits of Food Distribution Programs at both the State and local levels and to review audit reports and related working papers of audits performed by or for State Agencies. A primary audit objective shall be the continuing inspection and evaluation of the adequacy of the State Agency's financial management systems and controls. In addition, the audits may include client services, certification and distribution, fair hearings and all other aspects of the Program governed by the Regulations.

## CHAPTER II FINANCIAL MANAGEMENT

### SECTION 1 - GENERAL PROVISIONS

#### **2100 ADMINISTRATIVE FUNDING**

Within available funds FNS shall pay to each State Agency up to 75 percent of all allowable administrative costs actually incurred by the State Agency for operation of the Food Distribution Program on Reservations.

#### **2101 Compelling Justification**

Any request for FNS approval of Administrative Funding above 75 percent shall be based on the State Agency's submission of compelling justification that additional funds are necessary for the effective operation of the program on the reservation. Examples of compelling justification are initial start-up costs or maintenance of effort for currently operating program. These funds shall not be used to pay any portion of expenses for operating the Food Distribution Program if reimbursement or payment is claimed or received from any other Federal source. Administrative funds are provided to State Agencies to ensure the availability of a Food Distribution Program for needy persons residing on Reservations.

#### **2102 Allowable Costs**

Allowable cost principles for use of administrative funds are outlined in Part 277 of the Food Stamp Program Regulations and are generally adaptable to the Food Distribution Program.

#### **2103 Matching Requirement**

State agencies must, unless exempt on the basis of compelling justification (see subparagraph 2101, above), meet the matching administrative cost requirements of the Food Distribution Programs.

The value of services provided by volunteers is allowable to meet the matching administrative cost requirements. Administrative Cost Standards and principles for use in determining applicable Food Distribution Program costs are shown in Exhibit H, attached. Funds received from other Federal sources cannot be used to meet the matching requirements except those funds provided under:

- A. Tribal Warehouses Financed by the Department of Housing and Urban Development - P.L. 93-383. Funds authorized to a tribal organization under grants pursuant to this public law may be used as payment of the non-Federal share required in connection with Federal grant-in-aid program undertaken as part of the "tribal" Community Development Program, and
- B. Indian Self-Determination and Education Assistance Act of 1975 - P.L. 93-638. Funds made available to a tribal organization under grants pursuant to Section 104 of this public law may be used as matching shares for any other Federal grant programs which contribute

to the purposes for which grants under this section are made. Therefore, as long as ITOs can demonstrate that the tribe purchased the building being donated with funds available under this law, the value of that building can be used as matching contributions.



**SECTION 2 - FUNDING AND BUDGET PROCEDURES****2200 FUNDING****2210 APPLICATION FOR FUNDS**

State Agencies requesting administrative funds shall submit a completed Form SF-424, Application for Federal Assistance (see Exhibit I, attached), to the appropriate FNS Regional Office at least three months prior to October 1 of each Federal fiscal year. Section III of the completed form must identify cost categories, any matching funds, and the time period for which funds are needed. The application must be approved by FNS before funds are made available to the State Agency. Applications for available administrative funds shall be ranked for funding by FNS in the following priority: (1) applications from State Agencies which desire to continue their present operation of a Food Distribution Program; (2) applications from State Agencies, in the order received, which FNS determines are immediately capable of effectively and efficiently administering the program; and (3) applications from other State Agencies, in the order received.

**2220 BUDGET PROCEDURES**

The budget information in Part III of the Form SF-424 shall be the State Agency's best estimate of the total amount to be spent for administering the Food Distribution Program during the Federal fiscal year. The appropriate FNS Regional office may request additional information from the State Agency to support or explain the total estimated funds shown for each cost category. The breakdown by cost category of administrative costs must be included in annual or revised budgets submitted to FNS for approval prior to the payment of Administrative Funds. FNS shall evaluate the budget in relation to the State Agency's plan of operation and other factors which are relevant to FNS' determination as to whether the estimated costs are reasonable and justified. The State Agency will receive written notification from FNS regarding approval or disapproval of any or all of the itemized costs, the amount of funds to be made available and the period of time the funds are available.

Grantees and subgrantees are permitted to rebudget between direct cost line items in their approved budgets to meet unanticipated requirements, provided that the cumulative transfers of funds among direct cost categories are less than ten percent of the current total approved budget. Changes in excess of ten percent must be approved by FNS.

## SECTION 3 - METHODS OF PAYMENT

### **2300 GENERAL**

FNS shall provide funds by means of a letter of credit (LOC). Payments are made through the Automated Standards Application for Payments (ASAP) system operated by the U.S. Treasury Department's Financial Management Service (FMS). ASAP is an on line system that enables a State Agency to request funds and to obtain such information as its LOC authorization level and the status of requests for funds. FNS establishes a State Agency's authority to draw funds through ASAP by making appropriate entries in the State Agency's ASAP account via our Agency Financial Management System (AFMS). A State Agency shall request payments at such times and in such amounts as are needed to pay claims and bills on hand.

### **2310 ESTABLISHING THE LETTER OF CREDIT**

When a State Agency commences program operations for the first time, FNS shall notify the FMS. The FMS shall then contact the State Agency to request the necessary documentation; assign the State Agency a recipient organization identification number; arrange for installation of the necessary software, etc. Once these tasks have been completed, the applicable FNS regional office shall establish the State Agency's ASAP accounts and assign them an account identification number.

### **2320 REQUESTING PAYMENT BY LETTER OF CREDIT**

A State Agency requests payment by accessing the ASAP payment request function and entering the necessary data. The State Agency may elect either of two payment methods: FEDWIRE, which provides same day payment, and Automated Clearing House (ACH), which provides payment the next business day. The ASAP payment request function allows the State Agency to direct the payment to its depository financial institution (DFI).

### **2321 Types of Payment Requests**

The State Agency may request a separate payment under each FNS program it administers (an individual payment), or it may request a summary payment covering multiple programs or other account categories. Individual payments may be requested by either FEDWIRE or ACH; summary requests may be requested only by ACH. All funds covered by a summary request must settle to the same DFI and bank account on the same settlement date.

### **2322 Management Control Over Payment Requests**

When a State Agency posts a payment request, the ASAP system validates the keyed information. This entails checking it for format, conformance to balance requirements, etc. If the system detects errors, the State Agency will receive an error message and must edit the field(s) in error. If the system detects no errors, it will accept the posting. The State Agency's request cannot be processed until it has been successfully posted.

**2323 Payment to Local Agencies**

If the State Agency makes advance payments to local agencies, they must be made as close as possible to the point of disbursement to the local agency. The local agency must have incurred the costs, received the bill, approved it for payment, and anticipate immediate disbursement upon receipt of funds from the State Agency. (See 7 CFR 3015.105.)

**SECTION 4 - FINANCIAL MANAGEMENT SYSTEM****2400 RESPONSIBILITY FOR MAINTENANCE OF RECORDS**

The State Agency shall keep such accounts and records as may be necessary to enable FNS to determine whether there has been compliance with Part 277 of the Food Stamp Regulations, agreements with FNS and procedural instructions. This requirement embraces all accounts and records pertaining to administrative funds, whether maintained by a State Agency or local agency such as: books of original entry; source documents supporting accounting transactions; the general ledger and subsidiary ledgers; personnel and payroll records; and canceled checks and related documents and records. The importance of adequate time and attendance accounting for full-time, part-time, and intermittent employees is emphasized. (See 7 CFR 3015 Subpart D, 3015.61(b) and (g), and 7 CFR 277.6(b).)

**2410 PROPERTY RECORDS**

State Agencies are responsible for maintaining inventory control records of nonexpendable property purchased partially or entirely with funds provided by FNS. Nonexpendable property shall be considered as a article of equipment which:

- A. Is complete in itself;
- B. Does not lose its identity or become a component part of another article when put into use;
- C. Costs \$500 or more; and
- D. Is of durable nature with an expected service life of over one year.

Property records maintained by the State Agency shall show for each item or piece of equipment purchased: (1) the name and address of whomever has custody of the item; (2) the date of acquisition; (3) the cost; (4) whether the item was purchased new or used; (5) the share of FNS money used; and (6) a description (including serial number if any) sufficient for identification purposes. Each item should remain on the property records until sold, completely depreciated and rendered unserviceable or otherwise disposed of. Records for nonexpendable property acquired in whole or part with FNS funds shall be retained for 3 years after its final disposition. Microfilm copies, computer backup disks, and tapes may be substituted for original records. (See 7 CFR 3015.169.)

When property acquired in whole or part with FNS funds is no longer needed for use in the Food Distribution Program such property should be handled in accordance with Part 277 of the Food Stamp Program Regulations.

**2420 ACCOUNTING FOR FUNDS**

Each State Agency which accepts administrative funds shall establish and maintain an effective system of fiscal control and accounting procedures. It is essential that expenditures of FNS funds be restricted to allowable cost and that invoice, receipts, or similar documentation be

readily available to support such expenditures. This requirement extends below the State level, too, if administrative funds are made available to local agencies. The State Agency shall keep records of all funds channeled into the Food Distribution Program whether from Federal, State, local or other sources, so that the total cost of each program can be ascertained. Such accounting procedures shall facilitate rapid preparation of reports required by FNS and accurately reflect the receipt, expenditures, and current balance of funds provided by FNS.

Accounting procedures shall provide for segregation of costs identifiable to the Food Distribution Program from all other costs. If any other programs, such as Food Distribution to Institutions, Supplemental Food Programs, etc., are operated simultaneously with the Food Distribution Program on Indian Reservations and are using the same facilities, equipment, or personnel, any additional costs attributable to such other programs must be identified separately and supported by appropriate cost allocation records.

The State Agency is free to follow its established financial procedures so long as they provide the means through which full disclosure of financial transactions is achieved and can be verified.

#### **2430 RETURN, REJECTION, AND REALLOCATION OF FUNDS**

If a State Agency terminates its participation in the Food Distribution Program for any reason, the administrative funds which are needed by the State Agency may be retained for the remainder of the fiscal year to cover phase out expenses incurred during this period. The State Agency shall maintain proper justification to show that such funds are used in meeting its objectives.

FNS may require the State Agency to return unobligated funds and may reduce the amount it has awarded in administrative funds before the end of the fiscal year to the State Agency when the:

- A. Food Distribution Program is not administered by the State Agency in accordance with the plan of operation approved by FNS and applicable regulations;
- B. Amounts of funds provided by FNS is in excess of actual need, based on expenditure reports and current projections of program needs; or
- C. Funding is reduced or not available.

At the close of each fiscal year, the State Agency shall return any unobligated FNS funds to FNS within 90 days of the end of the fiscal year. Obligations incurred under an award should be liquidated within 90 days after the end of the funding period, unless an extension has been granted by the awarding agency. In essence, grantees should plan to liquidate their unliquidated obligation within 90 days of the close of the grant period (September 30).

## **CHAPTER III**

### **APPLICATION PROCESSING PROCEDURES**

#### **SECTION 1 - THE APPLICATION PROCESS**

##### **3100 THE APPLICATION PROCESS**

The application process begins with a request for an application form and ends with notification to the household of the State or local Agency's action on the household's application.

The process involves such actions as:

- A. Making application available;
- B. Assisting a household in the completion of its application;
- C. Interviewing a member of the household or an authorized representative;
- D. Performing necessary collateral contacts and verifications; and
- E. Preparing necessary documents to authorize or deny household receipt and use of USDA Commodities.

This process must be completed promptly. No later than seven calendar days (excluding weekends and holidays) after an application is filed, an eligible household must be given an opportunity to receive USDA Commodities. Expedited service shall be available to households in immediate need.

##### **3110 THE APPLICATION FORM**

The State Agency shall provide an application form for households which is acceptable to the appropriate FNS Regional Office. The form must be understandable to applicants and easy to complete. Each application form shall contain a description of violations in understandable terms and in prominent and boldface lettering, such as misstatement of income or household size, simultaneous participation in the Food Distribution Program and the Food Stamp Program, and misuse of USDA Commodities. (See Exhibit D.)

##### **3120 HOW APPLICATIONS CAN BE FILED**

Applications can be filed in person, or by an authorized representative at a food distribution office, or by mail.

**3130 WHEN APPLICATIONS CAN BE FILED**

Each household has the right to file an application on the same day it contacts the food distribution office having jurisdiction over the reservation on which the household resides, providing that the contact is made during office hours. The State agency shall document the date the application was received.

**3131 Right to Same-Day Filing**

The State or local agency shall advise households of their right to file an application form on the same day they contact the food distribution office, that they do not have to be interviewed before filing the application and that they may file an incomplete application form as long as the form contains the applicant's name, address, and the signature of either a responsible member of the household or the household's authorized representative. State or local agencies shall encourage households to file an application form the same day the household or its representative contacts the food distribution office in person or by telephone and expresses interest in obtaining USDA commodity assistance. The State Agency shall include information about same day filing in outreach materials and shall ensure that application forms are readily accessible to potentially eligible households and those groups and organizations involved in outreach efforts. The State or local agency shall also provide an application form to anyone who asks for one. These requirements also apply to households applying for public assistance (PA) under the procedures found in paragraph 3200, below.

**3140 MAILING APPLICATIONS TO HOUSEHOLDS**

If the household has contacted the food distribution office by telephone but does not wish to come to the office to file the application that same day and instead prefers receiving an application through the mail, the State or local agency shall mail an application form to the household on the same day the written request or telephone call is received.

**3150 VOLUNTARY WITHDRAWAL OF APPLICATIONS**

The household may voluntarily withdraw its application at any time prior to the State or local agency's determination of eligibility. Voluntary withdrawal means the household, on its own initiative, has contacted the food distribution office, either orally or in writing and asked that its application not be processed any further. The State or local agency shall document in the casefile the reason for withdrawal, if given, and that contact was made with the household to confirm the withdrawal. The household shall be advised by the State or local agency of its right to reapply.

**SECTION 2 - SPECIAL APPLICATION PROCESS****3200 APPLICATION PROCESSES FOR PUBLIC ASSISTANCE (PA) AND GENERAL ASSISTANCE (GA) HOUSEHOLDS**

State Agencies which are responsible for and administer both the Food Distribution and public assistance (PA) or general assistance (GA) programs on Indian reservations may allow a household to apply for the Food Distribution Program at the same time the household applies for PA or GA benefits. PA households are categorically eligible for USDA Commodities; however, for GA households to be categorically eligible for USDA Commodities, they must satisfy Food Distribution eligibility criteria, unless the GA program meets the need requirements of Federally aided public assistance programs. The determination of need will be made by the appropriate FNS Regional Office.

If the State Agency elects joint processing, the State shall use joint application forms which contain all the information necessary to determine eligibility. Alternatively, the State shall attach a form to the PA/GA application for other information required to determine eligibility for USDA foods. State Agencies opting for joint processing shall process all PA or GA applications as applications for the Food Distribution Program as well, unless the household clearly indicates on the application that it does not want USDA Commodities. To the extent that processing standards for Food Distribution Commodities can be met, States shall conduct a single interview for PA or GA and Food Distribution. If it appears that processing standards cannot be met under the single interview procedure, the State Agency shall do a separate interview for PA or GA and Food Distribution Program eligibility. States using joint processing may verify those factors of eligibility necessary for PA or GA but must follow the Food Distribution Program rules for all other program requirements.

**3210 JOINT PA/FOOD DISTRIBUTION PROGRAM APPLICATION PROCEDURES**

The State Agency's application for PA shall contain all the information necessary to determine a household's food distribution eligibility. Information relevant only to food distribution eligibility shall be contained in the PA form itself or shall be attached to it. The PA application shall have a place for the household to indicate if it does not wish to apply for food distribution. The application shall clearly indicate that the household is providing information for both programs.

**3220 GA HOUSEHOLDS APPLYING FOR FOOD DISTRIBUTION BENEFITS**

Households in which all members are applying for State Agency administered GA shall, at a minimum, be provided with applications for food distribution benefits and be referred to the appropriate food distribution office for an eligibility determination. Under certain circumstances (discussed below) those households may be able to apply jointly for their GA and food distribution benefits. Eligibility for GA households follows procedures described in paragraph 3200, above.



**3221 Joint GA/Food Distribution Application Procedures**

When applicable, State Agencies shall use the same joint application procedures specified for PA household, for GA households when the following criteria are met:

- A. The State Agency administers a GA program which uses formalized application procedures and eligibility criteria that test levels of income and resources; and
- B. Administration of the GA program is integrated with the administration of the PA or Food Distribution Programs, in that the same eligibility workers process applications for GA benefits and PA or food distribution benefits.

**3222 Nonintegrated Administration**

State Agencies that have not integrated the administration of their GA program, but otherwise meet the criteria specified for joint PA/food distribution procedures, may, with the approval of the appropriate Regional Office, jointly process GA and Food distribution applications. If approved, State Agencies shall adhere to the joint application processing procedures for PA/food distribution applications.

**3223 No Joint GA/Food Distribution Application Procedures**

State Agencies; that have not integrated the administration of their GA program, and that do not elect or are not approved to use the joint application processing procedures, shall, at a minimum, advise all GA applicant households of their potential eligibility for food distribution benefits and provide these households with food distribution applications. In addition, State Agencies shall allow households in which all members are applying for GA benefits to leave a signed food distribution application which contains, at a minimum, the household's name and address, at the GA office. The GA office shall forward these applications that same day to the appropriate food distribution office for processing. The procedural and timeliness requirements that apply to the application process shall begin when the food distribution office receives the application. Since there may be a delay involved in transferring applications from GA offices to food distribution offices, households shall be advised that they may receive faster service if they take the application directly to the food distribution office.

**3224 Local GA Programs**

In areas where GA programs are administered by local agencies or agencies such as the Department of Interior's Bureau of Indian Affairs, the State Agency shall endeavor to gain their cooperation in referring GA applicants to the Food Distribution Program. Where possible, this referral should consist of informing the GA applicants of their potential eligibility for food distribution benefits, providing them with food distribution applications and directing them to the local food distribution office.

**SECTION 3 - PROCESSING TIME STANDARDS****3300 TIME STANDARDS FOR PROCESSING OF APPLICATIONS**

The State Agency shall provide eligible households with an opportunity to obtain USDA Commodities as soon as possible but not later than seven calendar days excluding weekends and holidays, after the application was filed. An application is considered filed the day the State or local agency receives an application containing the applicant's name and address and is signed by either a responsible member of the household or the household's authorized representative.

**3310 TIME STANDARD FOR SPECIAL APPLICATION PROCESSES**

PA and GA applications, except those on which the household has indicated it does not want food distribution shall be processed as food distribution applications in accordance with all timeliness standards and procedures specified in paragraph 3300, above. If the household's intention to apply for food distribution is unclear, the State Agency shall determine at the interview, or in other contact with the household, whether or not the household wants the PA or GA application processed for food distribution purposes.

**3311 Action When Food Distribution Determination Precedes PA or GA Determination**

As a result of differences in PA or GA and food distribution application processing procedures and timeliness standards, the State Agency may have to determine food distribution eligibility prior to determining eligibility for PA or GA payments. Action on the food distribution portion of the application shall not be delayed nor the application denied on the grounds that the PA and GA determination has not been made.

**3320 DELAYS IN PROCESSING**

If the State Agency cannot process the application within seven calendar days excluding weekends and holidays, after the application was filed due to a lack of verification as required in subparagraph 3504, below, the State Agency shall authorize the distribution of USDA Commodities for one month pending verification so long as the application is complete and indicates that the household will in all likelihood be eligible for the Food Distribution Program. No further distribution of USDA Commodities will be made without obtaining required verification and completing the eligibility determination.

**3330 EXPEDITED SERVICE**

The State or local agency shall provide an opportunity to obtain USDA Commodities within one calendar day, excluding weekends and holidays, after the date the application was filed for those households that report no income in the current month and also for those households which, in the judgment of the State or local agency, would likely be eligible and would otherwise suffer hardship. The basis for this determination is to be recorded in the casefile. The State Agency's application processing procedures shall be designed to identify households

eligible for expedited service at the time such households request assistance. State agencies should provide same day service, if possible, to households eligible for expedited service which would likely suffer hardship if required to return to the office the next day. While warehouses or other distribution points may not be open during all certification hours to accommodate expedited processing provisions, certification or other personnel should have access to USDA Commodities for distribution to households in immediate need.

### **3331 Verification Requirements**

To expedite the certification of households in immediate need, verification required under 3504 may be postponed. However, the State or local agency must verify the household's identity and address through a collateral contact or readily available documentary information. If possible, the household's income statements should be verified at the same time. Verification for households certified on an expedited basis must be completed prior to any subsequent distribution of USDA Commodities to the household.

## SECTION 4 - HOUSEHOLD CONCEPT

### **3400   COMPOSITION OF A HOUSEHOLD FOR APPLICATION PURPOSES**

Household means any of the following individuals or groups of individuals provided they are not boarders or residents of an institution and provided that separate household or boarder status shall not be granted to a spouse of a member of the household, or to children under eighteen years of age under the parental control of a member of the household.

- A. An individual living alone;
- B. An individual living with others, but customarily purchasing food and preparing meals for home consumption separate and apart from the others; or
- C. A group of individuals living together for whom food is customarily purchased in common and for whom meals are prepared together for home consumption. (See paragraph 4220, below).

### **3410   NONHOUSEHOLD MEMBERS**

Persons residing with a household who cannot be considered as household members for application or eligibility purposes. Such persons are termed nonhousehold members and shall not be considered in determining the household's eligibility or the amount of USDA Commodities it will receive. Nonhousehold members are specified in subparagraphs 3411 through 3416, below.

#### **3411   Roomers**

Persons to whom a household furnishes lodging for compensation, but not meals. Roomers who are eligible for the program may participate as separate households.

#### **3412   SSI Recipients in "Cash-Out" States**

Recipients of Supplemental Security Income (SSI) benefits who reside in a State designated by the Department of Health and Human Services (DHHS) to have specifically included the food stamp coupon allotment in its State supplemental payments. These persons are not eligible for Food Distribution Program benefits.

#### **3413   Disqualified Individuals**

The following persons are not eligible for Food Distribution Program benefits until the period of disqualification expires:

- A. Persons who have been disqualified for an intentional program violation under the Food Stamp Program;

- B. Persons who failed to pay a claim under the Food Distribution Program (see paragraph 5660, below);
- C. Persons determined to have misrepresented household circumstances in order to receive more benefits to which it was entitled (see subparagraph 5662, below); and
- D. Persons who have been convicted of fraud under the Food Distribution Program by a court (see subparagraph 5663, below).

However, a pending disqualification hearing shall not affect the individual's or the household's right to be certified and participate in the program. An individual or household may continue to participate until they have been officially terminated

### **3414 Illegal Residents**

Persons who are not legally residing in the United States. Although U.S. Citizenship is not required for participation in the Food Distribution Program, persons must be lawfully living in the United States to be eligible for USDA Commodities.

### **3415 Foster Care Children**

Households which contain foster children have the option of counting foster children as members of the household or classifying them as boarders. In the first instance, foster children may be counted as members of the household in which they reside. All foster care payments shall be counted as unearned income to the household.

Under the second instance, households shall have the option of classifying the foster children as boarders. In this instance, foster children are not considered part of the household. Foster care payments are excluded from the household's income and the foster children are not included in determining the amount of USDA commodities the household is to receive.

### **3416 Others**

Other persons who share living quarters with the household but who do not customarily purchase food or prepare meals with the household. If, for example, an applicant household shares its living quarters with another family to save rent, but does not purchase and prepare meals with that family, the members of the other family are not members of the applicant household but may be considered as a separate household for eligibility purposes.

### **3420 HEAD OF HOUSEHOLD**

State or local agencies may designate the head of household, or permit the household to do so. State or local agencies shall not impose additional requirements based on who has been selected as head of household, such as requiring that the head of household, rather than another responsible adult member of the household, appear at the food distribution office to make application for benefits. In the event that the head of the household or the spouse is unable to

file the application, another responsible household member, or an authorized representative may apply for the household.

### **3430 AUTHORIZED REPRESENTATIVE**

There may be instances when the head of the household or the spouse cannot apply for the household. In such instances, another responsible household member may apply or an adult, nonhousehold member may be designated as the authorized representative for that purpose.

#### **3431 Who Can Be an Authorized Representative**

Adults who are nonhousehold members may be designated as authorized representatives for certification purposes only if they are:

- A. Designated in writing by the head of household, or the spouse, or another responsible member of the household; and
- B. Sufficiently aware of relevant household circumstances.

In the event the only adult member of a household is classified as a nonhousehold member, that person may be designated as the authorized representative for the minor household members.

#### **3432 Who Cannot Be an Authorized Representative**

The following individuals may not be designated as authorized representatives:

- A. State Agency employees who are involved in the certification and/or distribution processes without the specific written approval of the designated State or local agency official, such as county welfare director, or local food distribution supervisor, and only after a determination has been made that no one else is available to serve.
- B. Persons disqualified for intentional program violation in the Food Stamp Program shall not act as authorized representatives during the period of disqualification, unless a disqualified individual is the only adult member of the household able to act on its behalf and the State or local agency has determined that no one else is available to serve. The State or local agency shall separately determine whether these persons are permitted to apply or to obtain USDA Commodities on behalf of the household.

#### **3433 Liability for Designation**

It is important that the head of the household or the spouse prepares or reviews the application whenever possible, even though another household member or the authorized representative will actually be interviewed. The State or local agency shall inform the household that it will be held liable for any excess distribution of USDA Commodities which results from erroneous information given by the authorized representative.

**3434 Authorized Representatives for Obtaining USDA Commodities**

An authorized representative may be designated for obtaining USDA Commodities on behalf of the household. These designations shall be made at the time the application is completed. The authorized representative for picking up USDA Commodities may be the same individual designated to make application for the household or may be another individual. Even if a household member (the head of the household, spouse, or other member) is able to make application and obtain commodities, they should be encouraged to name an authorized representative for obtaining commodities in case of illness or other circumstances which might result in an inability to obtain commodities.

**3435 Documentation and Control of Authorized Representatives**

The State or local agency shall assure that authorized representatives are properly designated. The name of the authorized representative(s) shall be maintained as part of the household's casefile. An authorized representative may represent any number of households.

## SECTION 5 - VERIFICATION AND DOCUMENTATION OF ELIGIBILITY CRITERIA

### 3500 GENERAL PROVISIONS

Verification is the use of third party information or documentation to establish the accuracy of statements on the application. The following sections set forth the general requirements for verification of financial and nonfinancial eligibility factors.

#### 3501 Responsibility for Providing Verification

The household has primary responsibility for providing documentary evidence to support its income statements and resolve any questionable information. Households may supply documentary evidence in person, through the mail, or through an authorized representative. The State Agency shall accept any reasonable documentary evidence provided by the household, but must be satisfied that the verification adequately proves the statements. If it would be difficult or impossible for the household to obtain documentary evidence in a timely manner, or the State Agency can do so more quickly than the household, the State Agency shall offer assistance to the household in obtaining the documentary evidence.

#### 3502 Sources of Verification

- A. Documentary Evidence. State or local agency shall use documentary evidence as the primary source of verification for all items. Documentary evidence consists of a written confirmation of a household's circumstances. Although documentary evidence shall be the primary source of verification, acceptable verification shall not be limited to any single type of document and may be obtained through the household or from other sources. Whenever documentary evidence cannot be obtained, the State or local agency shall use alternate sources of verification such as collateral contacts and home visits. In all cases, the methods of verification shall be recorded in the casefile.
- B. Collateral Contact. A collateral contact is a verbal confirmation of a household's circumstances by a person outside of the household. The collateral contact may be made either in person or over the phone. The acceptability of a collateral contact shall not be restricted to a particular individual but may be anyone that can be expected to provide an accurate third party verification of the household's statements. Examples of acceptable collateral contacts are employers, community action groups, neighbors of the household, or other persons outside the household.

The State Agency shall rely on the household to provide the name of any collateral contact. The household may request assistance in designating a collateral contact. However, the State Agency is not required to use a collateral contact designated by the household if the collateral contact cannot be expected to provide an accurate third party verification. When the collateral contact designated by the household is unacceptable, the State Agency shall ask the household to designate another collateral contact. The State Agency is responsible for obtaining verification from the collateral contact.



Once the household has supplied the name of a collateral contact or has asked the State Agency for assistance in locating a collateral contact, the State Agency shall promptly contact the collateral contact or otherwise assist the household in obtaining the necessary verification.

- C. Home Visits. Home visits shall be used as verification only if documentary evidence and collateral contacts cannot be obtained. The State Agency must attempt to schedule a visit in advance with the household.

### **3503 Discrepancies**

Where information from another source contradicts statements made by the household, the household shall be afforded a reasonable opportunity to resolve the discrepancy prior to an eligibility determination.

### **3504 Mandatory Verification**

State or local agencies shall verify all gross nonexempt income prior to certification. Verification does not need to be to the exact dollar amount unless the household's eligibility would be affected. However, where all attempts to verify income have been unsuccessful either because the person or organization providing the income has failed to cooperate or because sources of verification are unavailable the State Agency shall determine an amount to be used for certification based on the best available information.

### **3505 Verification of Questionable Information**

Eligibility criteria, other than income, including residency on or near the reservation shall be verified prior to certification only if they are questionable. To be considered questionable, the information on the application must be inconsistent with statements made by the applicant, inconsistent with other information on the application or previous applications, or inconsistent with information received by the State Agency. (See paragraph 3510, below.)

### **3506 Verification for Joint PA or GA and Food Distribution Applications**

For household,; filing a joint PA or GA and Food Distribution application the verification procedures described in Section 5 of this Chapter shall be used for eligibility factors which concern only the household's eligibility for Food Distribution. Those factors which concern both PA or GA and Food Distribution eligibility may be verified according to PA or GA procedures.

### **3507 Verification of Reported Changes**

Changes reported during the certification period shall be subject to the same verification procedures as apply at initial certification, except that the State Agency is not required to verify income if the source has not changed and the amount has changed by \$50 or less since the last time they were verified.

**3508 Verification at Recertification**

In recertifying a household, the State Agency shall verify a change in income if the source has changed or the amount has changed by more than \$50 since it was last verified. In addition, the State Agency shall verify income reported by households to be unchanged or to have changed by \$50 or less, when information is questionable. The State Agency shall use the same verification procedures employed at initial certification to check on all other changes reported at the time of recertification. Additionally verification requirements for households applying for recertification within 30 days after the expiration of the certification period will remain the same as for those households making timely recertification.

**3509 Verification for Expedited Service**

To expedite the certification of households in immediate need, the State Agency shall postpone the verification required in subparagraphs 3504 and 3505, above, except that the households' identity and address shall be verified by collateral contact or other readily available documentary evidence. If possible the household's income statements shall be verified at the same time. The State Agency shall complete the verification for households certified on an expedited basis prior to the distribution of commodities to the household for any subsequent month.

**3510 VERIFICATION OF NONFINANCIAL ELIGIBILITY CRITERIA**

Where questionable, the household's identity and residency shall be verified through readily available documentary evidence, collateral contact or by home visit, if necessary prior to certification. Certification shall not be delayed to obtain verification of questionable nonfinancial eligibility criteria; however, verification of the questionable nonfinancial eligibility criteria shall be obtained prior to the household's receipt of a second month's issuance of USDA Commodities. As it is difficult to verify if a group of individuals customarily purchase and prepare meals together, the State or local agency shall generally accept the household's statement regarding food preparation and purchasing.

**3511 Verification of Identity**

When necessary, examples of acceptable documentary evidence which the household may provide include, but are not limited to, a driver's license, work or school I.D., voter registration card, birth certificate, ID for health benefits or other programs, or other social services. Household identity is that of the applicant. If an authorized representative applies for the household, the head of the household should be identified.

**3512 Verification of Residency**

Where appropriate, documents with the household's address shall be the primary source of verification, although collateral contacts and/or home visits may be used if documentary evidence cannot be obtained.

**3520 VERIFICATION OF RESOURCES**

During the interview, the State or local agency shall review with the applicant the resources reported as well as the possibility of unreported resources. State or local agencies shall verify resource information for any household only if the information is questionable. Documentary evidence shall be used as the primary source of verification, although collateral contacts may also be sources of verification if written verification is unavailable.

**3530 VERIFICATION OF INCOME**

The State or local agency shall use documentary evidence as the primary source of verification. Documentary evidence consists of wage stubs. For earned income, it is required that the household provide a full month's wage statements. If a full month's wage statements are not available (e.g., applicant was recently hired for work), then applicant must provide wage statements received to date and provide employment information which can be verified by collateral contacts (name of employer, employer phone number, hourly wage rate, hours worked per pay period, amount of time on the payroll, prospects for continued employment, etc.). Whenever documentary evidence cannot be obtained, is insufficient to make a firm determination of eligibility, or appears to be falsified, collateral contacts or home visits must be used. For example, documentary evidence may be considered insufficient when the household presents pay stubs which do not represent an accurate picture of the household's income (such as out-dated pay stubs) or identification papers that appear to be falsified. If other types of verification are used, the State Agency shall document in the casefile why an alternate source was needed. Benefits shall not be delayed beyond the processing time standards described in paragraph 3300, above, solely because income has not been verified. However, benefits shall not be provided for more than one month in cases where complete verification of income has not been obtained. (See paragraph 3320, above.)

Households who report zero income month after month but still maintain a residence must be questioned as to how they are able to sustain the residence and household members.

**3531 Standard--Unreported Income**

In addition to verifying reported income, the State or local agency may have occasion to explore the possibilities of unreported income. When income information on the application is inconsistent with statements made by the applicant, other information on the current or previous applications or other information received by the State Agency, further verification must be provided. For example, if a household reports its unemployment compensation has stopped but a record in the case shows that sufficient benefits are available for certain number of months, further verification would be needed. Another situation possibly requiring further verification is if a household reported filing for public assistance, SSI, Social Security, or similar benefits on previous applications but still reports not receiving them. If the State or local agency knows that the average waiting period has passed, a determination shall be made as to whether the household has unusual circumstances delaying the benefits or, if, in actuality, the benefits have begun.

**3532 Earned Income**

The following are documents which can be used to verify earned income:

**A. From Applicant:**

1. Pay stubs.
2. Pay envelope.
3. Employee's W-2 form.
4. Wage tax receipts.
5. State or Federal income tax return.
6. Self-employment bookkeeping records.
7. Sales and expenditure records

**B. From Others:**

1. Employer's wage records.
2. Statement from employer.
3. Employment Security Office.
4. State Income Tax Bureau.

**3533 Unearned Income**

In verifying other income to the household the following documents are generally available from applicant:

- A. Social Security award letter (changes in benefits will not always be reflected).
- B. Benefit payment check.
- C. Unemployment Compensation award letter.
- D. Pension award notice.
- E. Department of Veterans Affairs award notice.
- F. Correspondence on benefits.
- G. Income tax records.
- H. Railroad Retirement award letter.
- I. Support and alimony payments evidenced by court order divorce or separation papers, contribution check.
- J. SDX System (see subparagraph 3534, below).
- K. Social Security (Form SSA-1610).
- L. Social Security District Office files.
- M. Bureau of Employment Security - Unemployment Compensation Section.
- N. Union records.
- O. Workman's Compensation records.
- P. Department of Veterans Affairs records.
- Q. Insurance company records.
- R. Tax records.
- S. Railroad Retirement Board Records.

**3534 SDX--For Social Security Benefits**

If documentary evidence of social security benefits is not readily available from the applicant, the State Agency or local agency may verify, where possible, the income through the State Data Exchange (SDX). The amount of social security benefits reported on the application is used to compute the households's eligibility, pending receipt of verification from SDX. Prior to submission of the State or local agency's request for verification, any household member whose social security benefits are verified through SDX must sign an information release statement which is valid only during the certification period.

**3535 Verification of Loans**

The State or local agency may determine when to verify if monies received by a household are in fact loans. At a minimum, however, the State or local agency shall verify the loan in any case that is questionable.

When verifying that income is exempt as a loan, a legally binding agreement is not required. A simple statement signed by both parties which indicates that the payment is a loan and must be repaid shall be sufficient verification. However, if the household receives payments on a recurrent or regular basis from the same source but claims the payment are loans, the State or local agency may also require that the provider of the loan sign an affidavit which states that repayments are being made or that payments will be made in accordance with an established repayment schedule.

**3536 Verification of Scholarships, Deferred Loans, or Grants**

Verification of the amounts received from scholarships, deferred loans or grants may be obtained directly from the household or other sources such as the agency or institution providing such monies.

**3537 Noncooperation of a Disqualified Member of the Household**

If a disqualified member of the household refuses to provide information needed to certify the remaining members, alternate methods of verification should be used. For example, if the disqualified member refuses to provide income information, a collateral contact may be used. The State or local agency may also, if no other means of verification are available, base the income on the best available information. See subparagraph 4101, below, for further information on disqualified member.

**3538 Verification of Income Deductions**

Deductible expenses shall be verified only when the expense claimed is questionable.

**3539 Documenting the Verification**

Casefiles must be documented to support eligibility, ineligibility, and level of commodity distribution. The documentation shall be in sufficient detail to permit a reviewer to determine the reasonableness, accuracy and date of the determination. Where verification was required to resolve questionable information, the State or local agency shall document why the information was considered questionable and what documentation was used to resolve the questionable information. The State or local agency shall also document the reason why an alternative source of verification, such as a collateral contact or home visit, was needed, and the reason a collateral contact was rejected and an alternate requested.

## SECTION 6 - INTERVIEWING

### **3600 STANDARDS FOR INTERVIEWS**

All applicant households, including those submitting applications by mail, shall have an interview by a certification worker prior to certification. At State or local agency discretion applicants may be interviewed by telephone or in the home. No household shall be interviewed by telephone for any two consecutive certifications without a face-to-face interview at the food distribution office or home. State agencies must attempt to schedule home visits in advance. Home visits may not extend required time limits for processing. The individual interviewed may be the head of household, spouse, any other responsible member of the household, or an authorized representative. The State or local agency shall not simply review the information that appears on the application, but shall explore and resolve unclear and incomplete information. In addition, the State or local agency shall fully advise households of their rights and responsibilities during the interview, including an explanation of the appropriate application processing time and the household's responsibility to report changes. The interview shall be conducted as an official and confidential discussion of household circumstances. The applicant's right to privacy must be protected during the interview. Facilities shall be adequate to preserve the privacy and confidentiality for the interview.

### **3610 JOINT PA OR GA AND FOOD DISTRIBUTION PROGRAM INTERVIEW**

The State Agency shall conduct a single interview at initial application for both PA or GA and food distribution purposes unless the State Agency is unable to do so within the Food Distribution Program processing time standards.

### **3620 HOUSEHOLD REFUSAL TO COOPERATE**

If the household refuses to cooperate with the State or local agency in completing any part of the application process, the application shall be denied at the time of refusal. For a determination of refusal to be made, the household must be able to cooperate, but clearly demonstrate that it will not take actions that it can take and which are required to complete the application process. For example, to be denied for refusal to cooperate, a household must refuse to be interviewed, not merely fail to show up for the interview. If there is any question as to whether the household has merely failed to cooperate, as opposed to refused to cooperate, the household shall not be denied solely for that reason. The household shall also be determined ineligible if it refuses to cooperate in any subsequent review of its eligibility. Once denied or terminated for refusal to cooperate, the household may reapply but shall not be determined eligible until it cooperates.

## **CHAPTER IV ELIGIBILITY CRITERIA**

### **SECTION 1 - DETERMINING HOUSEHOLD ELIGIBILITY**

#### **4100 DETERMINING HOUSEHOLD ELIGIBILITY**

The following steps shall lead to the final eligibility determination of a household.

- A. Establish household composition (membership).
- B. Establish the household's residency on the reservation or status as an Indian Tribal household if living in a near area.
- C. Determine if the household automatically meets the financial eligibility criteria requirements without testing resources and income (PA, GA, and SSI households).
- D. Determine if the nonassistance household meets financial eligibility criteria elements.
  - 1. Test the household's net food distribution resources against the resources standards in paragraph 4400, below.
  - 2. Test the household's net food distribution income against the food distribution income standards (see Exhibit M, attached) for the appropriate household size.

#### **4101 Determining Eligibility and Benefit Level for Households with a Disqualified Member(s)**

The disqualified member is not included when determining the household's size for purposes of assigning the level of USDA foods to be received by the household, or for purposes of comparing the household's net monthly income with the income eligibility standards.



## **SECTION 2 - NONFINANCIAL ELIGIBILITY CRITERIA**

### **4200 NONFINANCIAL ELIGIBILITY STANDARDS**

This section provides a description of the nonfinancial criteria all households must meet which are residency and household composition.

#### **4210 RESIDENCY**

A household must be living on the reservation in which it files an application for participation. However, Indian tribal households need only be living near the reservation or in an approved FNS service area in Oklahoma for participation purposes (see subparagraphs 4212 and 4213, below). Residency shall not mean home nor can State Agencies impose durational residency requirements. However, persons must be living on or near the reservation the majority of the time making the reservation their primary residence. Persons on the reservation solely for vacation, including weekend and holiday stays, shall not be considered residents. No household may participate in the Food Stamp Program or in the Food Distribution Program in more than one geographical area at the same time.

#### **4211 Citizenship**

The State Agency shall not require U.S. citizenship as a condition of eligibility for the Food Distribution Program on Indian Reservations; however, participants must be lawfully residing in the United States.

#### **4212 Near Area or Service Area**

Households living near the reservation or in an FNS service area in Oklahoma may participate in the Food Distribution Program on Indian Reservations if at least one household member is recognized as a tribal member of any Indian tribe. Only FNS approved near areas and FNS service areas as specifically defined in the State Agency's Plan of Operation can be considered for eligibility purposes.

#### **4213 Urban Areas**

Individuals living in urban places outside the reservation cannot participate in the Food Distribution Program on Indian Reservations, unless that town or city has been specifically approved by FNS as a near area or FNS service area in Oklahoma. In such cases, Indian households may participate. This does not include urban areas within the reservation boundaries, as these areas are considered part of the reservation. (See paragraph 4210, above.)

**4220    HOUSEHOLD COMPOSITION**

Households shall list on their applications the various members to be considered for food distribution benefits. The State or local agency should examine each application to determine if there are members who may not be eligible to participate in the household. These include nonhousehold members such as roomers. The State or local agency shall verify any questionable information provided by the household about the composition of the household, such as the household's size. However, as it is difficult to verify if a group of individuals customarily purchases and prepares meals together and therefore constitutes a household, the State or local agency shall generally accept the household's statement regarding food preparation and purchasing. (See paragraph 3400, above.)

### **SECTION 3 - FINANCIAL ELIGIBILITY CRITERIA CATEGORICALLY ELIGIBLE HOUSEHOLDS**

#### **4300 CATEGORICALLY ELIGIBLE HOUSEHOLDS**

##### **4310 PA AND SSI HOUSEHOLDS**

Households in which all members are included in a federal public assistance or SSI grant, except those SSI participants discussed in subparagraph 3412, above, automatically meet resource and income eligibility requirements for the Food Distribution Program. Therefore, the State or local agency shall not test any of the resources or incomes of the households against the Food Distribution resource and income standards.

##### **4320 GA HOUSEHOLDS**

Households in which all members are included in an FNS approved general assistance grant (see subparagraph 3221, above) or a combination of GA, PA, and SSI grants, automatically meet resource and income eligibility requirements for Food Distribution. The State or local agency shall not test any of the resources or incomes of these households against the Food Distribution resource and income standards.

##### **4330 NONASSISTANCE HOUSEHOLDS**

The State or local agency shall test the resources and incomes of all households, in which one or more members do not participate in PA, SSI and/or GA grants, against the Food Distribution resource and income standards. Nonassistance households must meet the financial as well as the nonfinancial eligibility criteria in order to receive USDA commodities.

**SECTION 4 - RESOURCES****4400 RESOURCES**

This section provides the uniform resource standards and describes included (nonexempt) and excluded (exempt) resources and how to treat them.

**4410 STANDARD HOUSEHOLD LIMITS FOR RESOURCES**

Eligibility shall be denied or terminated if the value of nonexempt resources for the household exceeds:

- A. \$3,000 for all households with two or more members if at least one member is 60 or over; or
- B. \$1,750 for all other households including all one-person households.

The household's resources at the time the application is filed shall be used to determine the household's eligibility. Nonrecurring lump sum payments as described in subparagraph 4549 (d), below, must be counted as resources in the month received. Also, land lease and treaty income shall be considered nonrecurring lump-sum payments if received only once per year. (See subparagraph 4549, below.) If received more frequently, the payments must be treated as unearned income. (See paragraph 4530, below.)

**4411 Jointly Owned Resources**

Resources owned jointly by separate households shall be prorated between or among those households, unless the applicant household can demonstrate that the resources are inaccessible to it because access to the value of the resource is dependent upon the agreement of a joint owner who refuses to comply.

**4412 Resources of Disqualified Members**

The resources of persons disqualified from participation in the Food Stamp Program for intentional program violation shall continue to count in their entirety to the remaining households members when determining their eligibility for the Food Distribution Program.

**4420 NONEXEMPT RESOURCES**

In determining the resources of households applying for USDA commodities only cash on hand, money in checking or savings accounts, saving certificates, stocks or bonds, or other readily negotiable and accessible certificates or instruments shall be counted except for those resources specifically listed as excluded resources in paragraph 4430, below.

**4430 EXCLUDED RESOURCES**

In determining the resources of a household the following shall not be counted:

**4431 Life Insurance and Pension Funds**

The cash value of life insurance policies and pension funds, including funds in pension plans with interest penalties for early withdrawal, such as a Keogh Plan or Individual Retirement Account (IRA), as long as the funds remain in the pension plans.

**4432 Disaster Payments**

Any governmental payments which are designated for the rebuilding of a home damaged in a disaster, if the household is subject to a legal sanction if the funds are not used as intended. Some examples are payments made by the Department of Housing and Urban Development through the individual and family grant program or disaster loans or grants made by the Small Business Administration.

**4433 Prorated Income**

Resources, such as Grants awarded to students or income from self-employment which is being prorated and counted as income.

**4434 Resources Excluded by Law**

Following is a listing of resources excluded by express provisions of Federal statute:

- A. Payments received under the Alaska Native Claims Settlement Act (P.L. 92-203, Sec. 21(a)) or the Sac and Fox Indian Claims Agreement (P.L. 94-189);
- B. Payments received by certain Indian tribal members under P.L. 94-114, Sec. 6, regarding submarginal land held in trust by the United States;
- C. Payments received by certain Indian tribal members under P.L. 94-540 regarding the Grand River Bank of Ottawa Indians;
- D. Reimbursements from the Uniformed Relocation Assistance and Real Property Acquisition Policy Act of 1970 (P.L. 91-646, Sec. 216);
- E. Payments made as a result an emergency or major disaster in accordance with Section 312(d) of the Disaster Relief Act of 1974 (P.L. 93-288), as amended by the Disaster Relief and Emergency Assistance Amendments of 1988 (P.L. 100-707) (e.g., payments to farmers during natural disasters);
- F. Interests of individual Indians in trust or restricted lands. Interests include the Indian's right to or legal share of the trust or restricted land, and any income accrued from the funds in trust or the restricted lands (see subparagraph 4543 (I), below); and
- G. Financial assistance received by a student from Title IV programs that is spent specifically for educational purposes (P.L. 99498).

## SECTION 5 - INCOME

### 4500 INCOME

This section defines included and excluded income and allowable deductions.

Household income shall include all income from whatever source, except for the exclusions listed in paragraph 4540, below. Income is categorized as earned or unearned. The income considered is that received or anticipated to be received over the proposed certification period.

### 4510 BASIS OF NATIONAL INCOME ELIGIBILITY STANDARDS

The income eligibility standards for all areas, including Alaska, (Exhibit M) are adjusted annually, and new exhibits shall be provided by the appropriate FNS Regional Office.

### 4511 Income Eligibility Standards for Nonassistance Households

The State Agency shall apply the uniform national income eligibility standards for the Food Distribution Program except for those households which are categorically eligible (see paragraphs 4300 and 4310, above). The standard shall be the monthly income eligibility standard for the Food Stamp Program in the State, increased by the amount of the standard deduction for the State (see Exhibit M).

### 4520 EARNED INCOME

The following types of income are considered earned:

- A. Wages. All wages and salaries of an applicant. Wages that are garnished for ordered support (see subparagraph 4542.1, below) or withheld at the request of the employee are considered income.
- B. Self-employment. The gross income from a self-employment enterprise, including the net profit from the sale of any capital goods or equipment related to the business. Payments from roomers and returns on rental property are considered as self-employment. (See paragraph 4720, below.)
- C. Training Allowances. Training allowances from vocational and rehabilitative programs sponsored by Federal, State, or local governments to the extent they are not a reimbursement.
- D. Work Study Earnings. College Work Study earnings paid by educational grants, funded in whole or in part from Title IV of the Higher Educational Act, that remain after allowable exclusions are also considered earned income.

### 4530 UNEARNED INCOME

The following types of income are considered unearned (this list is not inclusive):

- A. Assistance Payments. Assistance payments from Federal or federally aided public assistance programs, such as supplemental security income (SSI) or Temporary Assistance for Needy Families (TANF); general assistance (GA) programs, or other assistance programs based on need.
- B. Pension, Social Security, Foster Care. Annuities; pension; retirement; veteran's or disability benefits; workman's or unemployment compensation; old-age, survivors' or social security benefits; strike benefits; foster care payments for children or adults unless they are counted as boarders. (See subparagraph 3415, above.)
- C. Support and Alimony. Support or alimony payments made directly to the household from nonhousehold members, except for foster care payments for children that are categorized as boarders. (See subparagraph 3415, above.)
- D. Education Grants. Scholarships, educational grants, fellowships, deferred payment loans for education, veteran's educational benefits and the like to the extent they are not used for tuition or mandatory fees.
- E. Grants, Interest Payments. Payments from Government-sponsored programs, dividends, interest, royalties, and all other direct money payments from any source which can be construed to be a gain or benefit.
- F. Income from Disqualified Members. Earned income, less the 20 percent earned income deduction, and unearned income of an individual disqualified from the Food Stamp Program for intentional program violation less the pro rata share for the disqualified individual. If, for example, there are six members of a household and one of those persons is disqualified, the pro rata share is one-sixth of the income. The household receives five-sixths of the income for Food Distribution Program eligibility purposes.
- G. Federal Housing Administration's "Family Living Plan". Payments received on a monthly basis for household expenses.
- H. Foster Care Payments. Payments received for the foster care of children counted as members of the household in which they reside. (See subparagraph 3415, above.)
- I. Payments from Gambling Enterprises. Gambling profits paid to members on a regular basis, regardless of frequency.
- J. Land-Lease and Treaty Income. Land lease and treaty income payments, if payments are received more frequently than annually.
- K. Adoption Subsidies. Adoption subsidies if they are received on a continuous basis.

## **4540 EXCLUDED INCOME**

The following types of income shall be excluded when computing a household's total income for testing against Food Distribution income standards. No other income shall be excluded.

### **4541 In-Kind Income**

Any gain or benefit, not in the form of money, which is payable directly to the household such as in-kind benefits. For example, meals, clothing, public housing, or produce from a garden are not considered as income for eligibility purposes.

### **4542 Vendor Payments**

A payment made in money on behalf of a household shall be considered a vendor payment whenever a person or organization outside of the household uses its own funds to make a direct payment to either the household's creditors or a person or organization providing a service to the household. For example, if a relative or friend, who is not a household member, pays the household's rent directly to the landlord, the payment is considered a vendor payment and is not counted as income to the household.

#### **4542.1 Exception to Vendor Payment Rule - Legally Obligated Payments**

Monies that are legally obligated and otherwise payable to the household, but which are diverted by the provider of the payment to a third party for a household expense, shall be counted as income and not considered as a vendor payment. The distinction is whether the person or organization making the payment on behalf of a household is using funds that would otherwise have been paid to the household. Such funds include wages earned by a household member and therefore owed to the household, a public assistance grant to which a household is legally entitled, and support or alimony payments in amounts which legally must be paid to a household member. If an employer, agency or former spouse who owes these funds to a household diverts them instead to a third party to pay for a household expense, these payments shall still be counted as income to the household. However, if an employer, agency, former spouse, or other person makes payments for household expenses to a third party from funds that are not owed to the household, these payments shall be considered as vendor payments.

#### **A. Example 1.**

1. Income. Wages earned by a household member that are garnished or diverted by an employer, and paid to a third party for a household's expenses, such as rent.
2. Vendor Payment. The employer pays a household's rent directly to the landlord in addition to paying the household its regular wages or the employer provides housing to an employee. The value of the housing shall not be counted as income.



B. Example 2.

1. Income. All or part of a public assistance grant which would normally be provided in money payment to the household is diverted to third parties or to a protective payee for purposes such as managing a household's expenses.
2. Vendor Payment. Payments by the State agency that would not normally be provided in a money payment to the household, and that are over and above normal public assistance grants and which are made directly to a third party for a household expenses. This rule applies even if the household has the option of receiving a direct cash payment.

C. Example 3.

1. Income. Money deducted or diverted from a court-ordered support or alimony payment (or other binding written support or alimony agreement) to a third party for a household expense.
2. Vendor Payment. Payments specified by a court order or other legally binding agreement to go directly to the third party rather than to the household, and support payments not required by a court order or other legally binding agreement (including payments in excess of amount specified in a court order or written agreement) which are paid to a third party rather than the household, even if the household agrees to the arrangement.

**4543 Income Excluded by Law**

The State or local agency shall disregard any income that is specifically excluded by any other Federal statute from consideration as income. The following laws provide such an exclusion:

- A. Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (P.L. 91-646, Sec. 216). The following payments are included under Title II of this Act:
  1. Payments to persons displaced as a result of the acquisition of real property;
  2. Relocation payments to a displaced homeowner toward the purchase of a replacement dwelling. Such payment may only be made to a displaced owner who purchases and occupies a dwelling within one year following displacement; and
  3. Replacement housing payments to displaced persons not eligible for a homeowner's payments.
- B. Payments received under the Alaska Native Claims Settlement Act (P.L. 92-203, Sec. 21(a)).

- C. Any payment to volunteers under Title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Services Act of 1973 (P.L. 93-113, as amended). Payments under Title I (VISTA) to volunteers shall be excluded for those persons receiving USDA Commodities, food stamps, or public assistance at the time they joined VISTA except that households which are receiving an income exclusion for VISTA or other Title I subsistence allowance at the time of implementation of these rules shall continue to receive an income exclusion for VISTA for the length of their volunteer contract. Temporary interruptions in participation in the Food Distribution, Food Stamp or public assistance programs shall not alter the exclusion once an initial determination is made. For example, a person is receiving USDA commodities and joins VISTA. He is sent for training and does not receive USDA commodities for two months. When he reapplies, his VISTA income is disregarded because he was receiving USDA commodities when he joined. New applicants who are not receiving USDA Commodities, food stamps, or public assistance at the time they joined VISTA shall have these volunteer payments included as earned income.
- D. Income derived from certain submarginal land of the United States which is held in trust for certain Indian tribes (P.L. 94-114, Sec. 6).
- E. Payments received by certain Indian tribal members under P.L. 94-540 regarding the Gram River Band of Ottawa Indians.
- F. Payments received by a student from Title IV programs that is spent specifically for educational purposes (P.L. 99-498).
- G. Up to \$2,000 per year of income received by individual Indians that is derived from interests in trust or restricted lands.
- H. Payments made as a result of an emergency or major disaster in accordance with Section 312(d) of the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1988 (P.L. 100-707).
- I. Allowances, earnings and payments received by individuals participating in programs under the Job Training Partnership Act are excluded as income for the Food Distribution Program on Indian Reservations.
- J. Funds received by eligible individuals from projects carried out under the Senior Community Service Employment Program.
- K. Payments received by individuals participating in AmeriCorps (P.L. 101-610).

The source and amount of the payments received under any of the authorities identified above must be verified before they are excluded.

**4544 Tuition and Mandatory Fees Paid From Educational Loans, Grants, Benefits, Scholarships**

The portion of an educational loan (on which payment is deferred) grants, scholarships, fellowships, veterans' educational benefits, etc., used to pay tuition and mandatory fees is excluded from income. The portion used to pay items not considered to be mandatory, (e.g., room and board, dependent care, and the like) is counted as income. Tuition and mandatory fees paid from summer earnings, resources, or any other source other than grants, loans on which repayments is deferred, etc. are not disregarded. Mandatory fees are those charged to all students or are charged to all students within a certain curriculum. For example, uniforms, lab fees, or equipment charged to all students in order to enroll in a chemistry course would be excluded. However, transportation, supplies, and text book expenses are not uniformly charged to all students and, therefore, would not be excluded as mandatory fees. (See paragraph 4710, below).

**4545 Loans**

All loans, including loans from private individuals as well as commercial institutions, other than educational loans on which repayment is deferred.

**4546 Reimbursement for Expenses**

Reimbursements for past or future expenses, are disregarded to the extent they do not exceed actual expenses. For example, reimbursements or fiat allowances for job training related expenses such as travel per diem, uniforms, and transportation to and from the job or training site are excluded as income.

**4547 Third Party Payments**

Monies received and used for care and maintenance of a third party beneficiary who is not a member of the household.

**4548 Earnings of Children**

The earned income of children who are members of the household, who are students at least half time, and who are not yet eighteen. Their income is excluded even during temporary interruptions in school attendance due to semester or vacation breaks, provided the child's enrollment will resume following the break. Individuals are considered children for this exclusion if they are under the parental control of another household member.

**4549 Miscellaneous Exclusions**

- A. Irregular Income. Any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter.
- B. Costs of Self-Employment. The cost of producing self-employment income. See subparagraphs 4723 and 4724, below, for the procedures on computing the cost of producing self-employment income.

- C. Recoupments. Monies withheld from an assistance payment, earned income, or other income source which are voluntarily or involuntarily returned to repay a prior overpayment received from that income source.
- D. Nonrecurring Lump-Sum Payments. Money received in the form of a nonrecurring lump-sum payment, including, but not limited to, income tax refunds, rebates, or credits; retroactive lump-sum social security, SSI, PA, railroad retirement pension or other payment; retroactive lump-sum insurance settlements; or refunds of security deposits on rental property or utilities. These payments shall be counted as resources in the month they are received, unless specifically excluded by Federal law. (See paragraph 4410, above.)
- E. Land-Lease or Treaty Income. If annual payments are distributed to tribal members, such payments shall be considered nonrecurring lump-sum payments. If received more frequently than annually, the payments shall be counted as income.
- F. Title IV-D Payments. Child support payments received by TANF recipients which must be transferred to the agency administering Title IV-D of the Social Security Act of 1935, as amended, to maintain TANF eligibility.

#### **4550 DEDUCTIONS FROM INCOME**

A deduction is allowed only in the month the expense is billed or otherwise becomes due regardless of when a household intends to pay it. Deductions are allowed only for the following.

##### **4551 Earned Income Deduction**

Twenty percent of gross earned income. No additional deductions (i.e. taxes, pensions, union dues and the like) except for costs of self-employment, are allowed from earned income. Excluded earned income is not subject to this deduction although the earned income of a household member disqualified from the Food Stamp Program does receive this deduction. (See paragraph 4540, above.)

##### **4552 Dependent Care**

Payments for actual costs for the care of a child or other dependent when necessary for a household member to accept or continue employment or to attend training or pursue education which is preparatory to employment. This deduction shall not exceed the maximum allowable deduction for dependent care costs allowable under the Food Stamp Program in the forty-eight States and the District of Columbia. The allowable dependent care cost per dependent is provided in Exhibit M to the Handbook and will be updated annually.

## SECTION 6 - DETERMINING HOUSEHOLD INCOME

### **4600 GENERAL STANDARDS FOR DETERMINING INCOME**

For the purpose of determining the household's eligibility for the Food Distribution Program the State or local agency shall take into account the income already received by the household during the certification period and any anticipated income the household and the State or local agency are reasonably certain will be received during the remainder of the certification period.

If the amount of or the timing of income that will be received is uncertain, the State or local agency shall not count that portion of the household's income that is uncertain. For example, a household anticipating income from a new source, such as a new job or recently applied for PA benefits, may be uncertain as to the timing and amount of the initial payment. These monies shall not be anticipated by the State or local agency unless there is reasonable certainty concerning the month in which the payment will be received and the amount. If the exact amount of the income is not known, that portion of it that is anticipated with reasonable certainty is considered income. In cases where the receipt is reasonably certain, but the monthly amount may fluctuate, the household may elect to average the income as described in subparagraph 4622, below.

### **4610 INCOME IN PAST 30 DAYS**

Income received during the past 30 days shall be used as an indicator of the income that is available to the household during the certification period. However, the State or local agency shall not use past income as an indicator of income anticipated for the certification period if changes in income have occurred or can be anticipated. In cases where the receipt of income is reasonably certain but the monthly amount may fluctuate and the household's income is close to the income eligibility limit, the State Agency may elect to average income provided that such averaging does not disadvantage the household. Such averaging shall be based on income that is anticipated to be available to the household during the certification period.

### **4611 Seasonal Income**

If the household's income fluctuates seasonally, it may be appropriate to use the most recent season comparable to the certification period, rather than the last 30 days, as one indicator of anticipated income. The State or local agency shall exercise particular caution in using income from a past season as an indicator of income for the certification period. In many cases of seasonally fluctuating income, the income also fluctuates from one season in one year to the same season in the next year. However, in no event shall the State Agency automatically attribute to the household the amounts of any past income.

### **4612 Anticipated Income for Month Received**

Income anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. Nonrecurring lump-sum payments are counted as a resource starting in the month received and not counted as income.

**4613 Cases of Steady Employment**

In cases where the head of the household is steadily employed, income from the previous month is usually a good indicator of the amount of income that can be anticipated in the month of application and subsequent months. If information supplied by the household or a collateral contact indicates that future income will differ from the previous month's income, the State or local agency will use such information to make a reasonable estimate of anticipated income. The method used to determine income shall be fully documented in the casefile.

**4614 Hourly and Piece-Work Wages**

When income is received on an hourly wage or piece-work basis, weekly income may fluctuate if the wage earner works less than eight hours some days or is required to work overtime on others. In this case the State or local agency should consult with the household to determine the "normal" amount of income expected as a result of one-week's work and if this is reasonably certain to be available during the certification period. This amount should be used to determine monthly income.

**4615 Withheld Wages**

Wages held by the employer at the request of the employee shall be considered income to the household in the month the wages would otherwise have been paid by the employer.

However, wages held by the employer as a general practice, even if in violation of law, are not counted as income to the household, unless the household anticipates that it will receive an advance or income from wages that were previously held by the employer.

**4616 Self-Employment Income**

Monies received from self-employment enterprise less the allowable costs of doing business are to be considered when determining eligibility for the Food Distribution Program. Procedures for establishing countable self-employment earnings are discussed in more detail in paragraphs 4720 through 4727, below.

**4620 ASSIGNING INCOME FOR THE CERTIFICATION PERIOD**

The following subparagraphs describe the rules and procedures to be used for assigning monthly income levels.

**4621 Actual Versus Converted Income**

The State or local agency shall choose from among the following options to determine monthly income when a full month's income is anticipated and income is received on a weekly or biweekly basis:

- A. Convert the income to a monthly amount by multiplying weekly amounts by 4.3 and biweekly amounts by 2.15;
- B. Convert the income to a monthly amount by multiplying weekly and biweekly amounts by the State Agency's conversion standard; or

C. Use the exact figure if it can be anticipated for each month of the certification period

#### **4622 Averaging Income – Optional**

In cases where the receipt of income is reasonably certain but the amount may fluctuate, and the household's income is close to the income eligibility limit the State Agency may elect to average income provided that such averaging does not disadvantage the household. Such averaging shall be based on income that is anticipated to be available to the household during the certification period.

#### **4623 Averaging Income -- Mandatory**

- A. Contract or Self-Employment Annual Income. Contract employees or households whose self-employment income represents the household's annual support including the net profit from the sale of any capital goods or equipment related to the business shall be annualized over a 12-month period. These households may include school employees, share croppers, farmers, and other self-employed households. The procedures for averaging self-employed income are described in subparagraph 4725, below.
- B. Non-Annual, Contract, or Self-Employment Income. Households whose contract or self-employment income represents only a part of the household's annual support, shall have their income averaged over the period of time it is intended to cover. For example, self-employed vendors who work only in the summer and supplement their income from other sources during the balance of the year, shall have their self-employment income averaged over the summer months rather than a 12-month period.
- C. Educational Grants, Etc. Households receiving scholarships, deferred education loans, or other educational grants shall have such income, after exclusions, averaged over the period for which it was provided. A detailed discussion of student households is covered in paragraph 4710, below.

#### **4630 DETERMINING DEDUCTIONS**

##### **4631 Limitations on Allowable Deductions**

Certain costs of dependent care (not to exceed the maximum allowable deduction for dependent care costs allowable under the Food Stamp Program in the 48 States and the District of Columbia) and the cost of doing business for the self-employed are income exclusions, and are to be handled in accordance with subparagraphs 4711 (student households) and 4723 (self-employed households), below.

##### **4632 Billed Expenses Deducted in Month Due**

A deduction for dependent care is allowed in the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. Amounts carried

forward from past billing periods are not deductible even if included with the most recent billing and actually paid by the household. In any event, a particular expense may only be deducted once.

#### **4633 Actual/Converted Expenses**

If the household is billed more frequently than monthly for expenses, the certification worker shall use the conversion procedure mandated by the State Agency in subparagraph 4621, above.

#### **4634 Types of Expenses Not Allowed as Deductions**

An expense covered by excluded reimbursements or vendor payments shall not be deductible. Furthermore, expenses are only deductible if the service is provided by a non-household member and the household makes a money payment for the service. For example, a dependent care deduction is not allowed if another household member provides the care, or compensation for the care is provided in the form of an in-kind benefit such as food.

#### **4640 CALCULATION OF NET MONTHLY INCOME**

The following four steps lead to the determination of a household's net food distribution monthly income. (See paragraphs 4710 and 4720, below, for more details on determining gross monthly income for households with student income or self-employment income.)

- A. Total Gross Earned Income. Add the gross monthly income earned by all household members including monthly gross self-employment income, less the cost of doing business but not including the 20 percent earned income deduction, to determine the household's total gross earned income.
- B. Net Monthly Earned Income. Multiply the total gross earned income by 20 percent and subtract that amount from the total gross earned income to determine the net monthly earned income.
- C. Unearned Income. Add to net monthly earned income the total monthly unearned income of all household members, minus income exclusions.
- D. Dependent Care Deduction. Subtract allowable monthly dependent care expenses, if any.



## SECTION 7 - DETERMINING INCOME OF SPECIAL HOUSEHOLDS

### 4700 GENERAL STANDARDS

This section discusses determining the eligibility of households with difficult determinations and/or for which there are special policies or procedures including students and self-employed.

### 4710 HOUSEHOLDS WITH A STUDENT(S)

Students have unusual sources of income. Income peculiar to student households includes scholarships, fellowships, educational grants, deferred payment loans, veteran's educational benefits, cash gifts or awards for educational expenses, and cash from parents. Such sources of income result in an uneven cash flow. The payments are usually received in one payment but are intended to cover a specific period of time--a semester, school year, etc. Likewise, the major expenses of education--tuition and mandatory fees--are also paid at one time, again emphasizing the uneven cash flow. Students under 18 years of age are granted an exemption for any income earned through employment or self-employment, except those no longer under parental control of another household member. (See subparagraph 4544, above.)

### 4711 **Determining Monthly Income - Students**

The income and resource definitions and limits, other income exclusions, and the appropriate deductions apply to students. The following method is used to determine the income of a student for Food Distribution eligibility:

- A. Total all educational loans on which repayment is deferred, grants (including those issued under Title IV of the Higher Education Act), scholarships, fellowships, veterans' educational benefits, Work Study earnings, and the like.
- B. Exclude (subtract) from the above total that portion of grants, scholarships, etc. used specifically for tuition and mandatory school fees. Only that portion of deferred payment educational loans, scholarships and the like used for such payments are excluded. No separate deduction for educational expenses is allowed. Do not exclude any payments for tuition or mandatory fees paid from other income such as earnings or TANF, or paid from resources.
- C. Exclude (subtract) reimbursements, from a source outside the household, to students for specific education expenses, such as travel or books. Portions of a general grant or scholarship that have been specifically earmarked for education expenses rather than for living expenses are also excludable as a reimbursement.
- D. Include allowances for living expenses.

### 4712 **Averaging the Income After Exclusions**

For households receiving scholarships, deferred educational loans, other educational grants or reimbursements, the income (after exclusions) should be averaged over the period the loans or grants are provided.

**4713 Determining Eligibility and Benefits**

Determine eligibility in accordance with paragraph 4100, above.

**4720 HOUSEHOLDS WITH INCOME FROM SELF-EMPLOYMENT**

The certification areas affected by self-employment are:

- A. Annualization of self-employment income--Self-employment income must be annualized if it represents a household's annual support, even if received in less than 12 months;
- B. Income received under the Federal Housing Administration's "Family Living Plan" is considered unearned income and must be included in the calculation; and
- C. Deductions for the costs of doing business--These deductions are allowed for all self-employment income. The income does not have to represent all the household's annual support.

**4721 Income From Rental Property**

Income derived from rental property is considered earned income for the 20 percent earned income deduction. The cost of doing business, such as advertising fees, repair, etc., shall be deducted from the rental income.

**4722 Income From Capital Gains**

The term "capital gains" refers to the profit from the sale or transfer of capital assets used in a self-employment enterprise or securities, real estate, or other real property held as an investment for a set period of time. For Food Distribution purposes only the net profit from the sale or transfer will be considered as income. When the proceeds from the sale of farm products are reinvested in the farm, they are considered a cost of doing business. If the proceeds were used to buy food for livestock, it would be an allowable business expense. If sale proceeds were used to purchase land or make payments on the mortgage principal, they would not be an allowable cost. Therefore, not all reinvested proceeds are necessarily an allowable business expense. Net income is to be determined by subtracting any allowable costs related to that sale or transfer.

**4723 Costs of Producing Self-Employment Income -- Allowable Exclusions**

Allowable costs of producing self-employment income include, but are not limited to, the identifiable costs of labor, stock, raw material, seed and fertilizer, interest paid to purchase income producing property, insurance premiums, and taxes paid on income producing property. When the proceeds from the sale of farm products are reinvested in the farm, they are considered costs of doing business expense. While the proceeds from the sale must be counted as income, once those proceeds are reinvested, they are deducted in the calculation of net income. If a household can document that costs on that portion of a home used in self-employment enterprise are separate and identifiable, these costs (except for payments on the mortgage principal) may be excluded as cost of doing business.

**4724 Costs of Producing Self-Employment Income - Unallowable Exclusions**

The following items are not considered as a cost of producing self-employment income:

- A. Payments on the principal of the purchase price of income producing real estate and capital assets, equipment, machinery and other durable goods;
- B. Net losses from previous periods;
- C. Depreciation; and
- D. Federal, State and local income taxes, money set aside for retirement purposes, and other work-related expenses, such as transportation to and from work. These expenses are accounted for by the 20 percent earned income deduction.

**4725 Situations for Averaging Self-Employment Income**

- A. When Income Is for a Year. Self-employment income which represents a household's annual support shall be annualized over a 12-month period, even if the income is received in only a short period of time. For example, self-employment income received by farmers shall be averaged over a 12-month period if the income is intended to support the farmer on an annual basis. This self-employment income shall be annualized even if the household receives income from other sources in addition to self-employment.
- B. When Self-Employment Income Is Received Monthly. Self-employment income which is received on a monthly basis but which represents a household's annual support shall normally be averaged over a 12-month period. If, however, the averaged amount does not accurately reflect the household's actual circumstances because the household has experienced a substantial increase or decrease in business, the State or local agency shall calculate the self-employment income based on anticipated earnings.
- C. When Self-Employment Income Is Only Part of Total Income. Self-employment income which is intended to meet the household's needs for only part of the year shall be averaged over the period of time the income is intended to cover. For example, self-employed vendors who work only in the summer and supplement their income from other sources during the balance of the year shall have their self-employment income averaged over the summer months rather than a 12-month period.
- D. Cases of New Business. If a households' self-employment enterprise has been in existence for less than a year, the income from that self-employment enterprise shall be averaged over the period of time the business has been in operation and the monthly amount projected for the coming year. However, if the business has been in operation for such a short time that there is insufficient information to make a reasonable projection, the household may be certified for less than a year until the business has been in operation long enough to base a longer projection.

**4726 Determining Monthly Income - Self-Employment Households**

- A. When Averaged. For the period of time over which self-employment income is determined, the State or local agency shall add all gross self-employment income (including capital gains), exclude the cost of producing the self-employment income, and divide the self-employment income by the number of months over which the income will be averaged.
- B. When Anticipated. For those households whose self-employment income is not averaged but instead calculated on an anticipated basis, the State or local agency shall add any capital gains the household anticipates it will receive in the next 12 months, starting with the date the application is filed, and divide this amount by 12. This amount shall be used in successive certification periods, if less than a yearly certification is assigned, except that a new average monthly amount shall be calculated for the next 12-month period if the anticipated amount of capital gains changes. The State or local agency shall then add the anticipated monthly amount of capital gains to the anticipated monthly self-employment income. The cost of producing the self-employment income shall be calculated by anticipating the monthly allowable costs of producing the self-employment income.

**4727 Net Monthly Income - Self-Employment Households**

The following steps should be followed in determining the monthly food distribution income for households with income from self-employment enterprises:

- A. Total Gross Earned Income. Add the monthly net self-employment income to any other earned income received by the household.
- B. Net Monthly Earned Income. Multiply the total gross earned income by 20 percent and subtract that amount from the total gross earned income to determine net monthly earned income.
- C. Unearned Income. Add to net monthly earned income the total monthly unearned income of all household members, minus income exclusions.
- D. Dependent Care Deduction. Subtract allowable monthly dependent care expenses, if any.

The total net monthly income shall then be compared to the income eligibility standard for the appropriate household size to determine the household's eligibility.

**4730 HOUSEHOLDS WITH DISQUALIFIED MEMBERS**

Individual household members may be disqualified for intentional program violation in the Food Stamp Program or for other reasons. (See subparagraph 3413, above.) During the period of time a household member is disqualified, the following procedures shall be used to determine the eligibility of any remaining household members for participation in the Food Distribution Program.

**4731 Applying Financial Eligibility Standards**

- A. Resources. If not otherwise excludable, the resources of the disqualified member shall continue to count in their entirety to the remaining household members. If a disqualified member acquires additional resources during the disqualification period, these are also considered available to the remaining household members.
- B. Income. A pro rata share of the income of the disqualified member shall be counted as income to the remaining members. This pro rata share is calculated by first subtracting the 20 percent earned income deduction from the disqualified member's earned income and dividing the total income evenly among the household members, including the disqualified member. All but the disqualified member's share is counted as income to the remaining household members.

**4740 HOUSEHOLDS WITH NONHOUSEHOLD MEMBERS - SSI**

For those nonhousehold members, i.e., SSI recipients in cash-out States, the income and resources of the nonhousehold member shall not be considered available to the household. Cash payments from the nonhousehold member to the household are considered income unless the nonhousehold member is making vendor payments. Vendor payments are excluded as income. If the household shares deductible expenses with the nonhousehold member, only the amount actually paid or contributed by the household shall be deducted as a household expense. If the payments or contributions cannot be differentiated, the expenses shall be prorated evenly among persons actually paying or contributing to the expense and only the household's pro rata share is deducted.

## **CHAPTER V**

### **CERTIFICATION PROCEDURES**

#### **SECTION 1 - ACTIONS RESULTING FROM ELIGIBILITY DETERMINATIONS**

##### **5100 ACTION ON ELIGIBLE HOUSEHOLDS**

When a household has met both the nonfinancial and financial Food Distribution eligibility requirements, the State or local agency shall issue the household its USDA Commodities within the appropriate processing time standard. The household's monthly level of USDA Commodities shall be based on the household's size and shall be adjusted at any time the size changes.

##### **5101 Certification Pending Verification**

If the State or local agency cannot determine a household's eligibility within seven working days of the date the application was filed due to a lack of verification, the State or local agency shall authorize the distribution of USDA foods to the household for one month pending verification. The information on the application must be complete and indicate that the household will probably be eligible. No further distribution of USDA Commodities shall be made without completing required verification.

##### **5110 ESTABLISHING CERTIFICATION PERIODS**

Definite periods of time are established within which households are eligible to receive USDA Commodities. At the expiration of each certification period, entitlement to food distribution ends. Further eligibility is established only upon a recertification based upon a newly completed application, an interview, and such verification as required in subparagraph 3508, above. However, benefits shall be continued beyond the end of the certification period if a household has requested a fair hearing of an adverse action.

##### **5111 Conformance With Calendar Months**

Certification periods shall conform to calendar months. At initial application, the first month in the certification period is the month in which eligibility is determined. For example, if a household files an application late in January and the household is determined eligible on the fifth working day of February, a six month certification would include February through July. Upon recertification the certification period will begin with the month following the last month of the previous certification period. For example, if the household cited above is recertified in July for a three month certification period, the new period of eligibility would include August through October.

##### **5112 Length of Certification Periods**

Households shall be assigned a certification period for as long as the household circumstances are expected to remain stable so that the household should continue to meet the program's eligibility standards. Certification periods may vary between one and twelve months

depending on the household's stability of membership, income, and resources; however, in no event shall a certification period exceed one year. For those self-employed households that receive their annual income in a short period of time, the State or local agency is encouraged to assign a certification period that will bring the household into the annual cycle. For example, the State or local agency may provide for a recertification at the time the household normally receives all or a majority of its annual income or may prefer to have the annual cycle coincide with the filing of the household's income tax. If it is anticipated that the household's income will fluctuate significantly, a shorter certification period should be assigned.

## **5120 OBTAINING USDA COMMODITIES**

### **5121 Requirements for Identification**

The State or local agency may distribute USDA Commodities to only those household members or authorized representatives presenting an Identification Card (ID) or appropriate identification so long as the State Agency is satisfied with the identification of the member obtaining USDA Commodities. (See paragraph 8140, below.)

### **5122 Frequency of Issuance**

State Agencies that choose to issue ID cards shall limit the issuance of ID cards to the time of initial certification, with replacements made only in the instances of loss, mutilation, destruction or changes in persons authorized to obtain USDA Commodities for the household.

## **5130 PROVIDING NOTICES OF ELIGIBILITY**

Every applicant household found eligible for food distribution shall be provided with a written notice of eligibility as soon as a determination is made but no later than seven working days after the date of the initial application.

### **5131 Contents of Notice--Required Information**

The notice shall inform the household of the level of benefits it will receive and the beginning and ending dates of the certification period. The notice should also advise the household of its right to a fair hearing, the telephone number of the food distribution office, and, if possible, the name of the person to contact for additional information. If there is an individual or organization available that provides free legal representation, the notice should advise the household of the availability of the services. The State Agency should also include a reminder of the household's obligation to report changes in circumstances and of the need to reapply for continued participation at the end of the certification period.

### **5132 Notices for Expedited Cases**

In cases where a household's application is approved on an expedited basis without verification, the notice shall explain that the verification must be completed prior to any subsequent distribution of commodities.

**5140 CHANGES DURING THE CERTIFICATION PERIOD**

When changes occur within the certification period which affect a household's eligibility or level of benefits, action must be taken to adjust the household's eligibility.

**5141 Reporting Requirements**

Certified households are required to report the following changes within ten days of the date the change becomes known to the household.

- A. Changes in income which would effect program eligibility.
- B. All changes in household composition, such as the addition or loss of a household member.
- C. When cash on hand, stocks, bonds, and money in a bank account or savings institution reach or exceed a total of \$1,750 OR \$3,000 for all households with two or more members if at least one member is 60 years or older.

The State or local agency shall not impose any additional reporting requirements other than those stated above.

**5142 Reporting Requirements for PA or GA Households**

When the application for a PA or GA (if approved by FNS) are jointly processed with the Food Distribution application, PA or GA households have the same requirements to report changes as any other Food Distribution household. A Food Distribution change report form may be used for this purpose unless a similar PA or GA form is used. PA or GA households which report changes in circumstances to the PA or GA worker shall be considered as having reported the changes for Food Distribution purposes.

**5143 How Changes Are Reported**

The State Agency may provide households with a report form for reporting the changes covered in subparagraph 5141, above. Changes reported over the telephone or in person by the household shall be acted on in the same manner as those reported on the change report form.

A change report form may be provided to newly certified households at the time of certification, at recertification if the household needs a new form or sent to the household whenever a change report form is returned by the household. A change report may be provided to households more often at the State or local agency's discretion.

**5150 STATE AND/OR LOCAL AGENCY RESPONSIBILITIES - HOUSEHOLD CHANGES**

The State or local agency shall take prompt action on all changes to determine if the change affects the household's eligibility and benefit level. Even if there is no change in eligibility,



the State or local agency shall document the reported change in circumstance in the case file. The household shall be notified of the effect of any change on its benefits. The State or local agency shall also document the date a change is reported, which shall be the date the State or local agency receives a report form or is advised of the change over the telephone or by a personal visit.

#### **5151 Increase in Benefits**

For changes which result in an increase in a household's USDA Commodities, the State or local agency shall make the change effective not later than the month following the date the change was reported. At its option, the State or local agency may make the change effective earlier.

#### **5152 Decrease in Benefits**

If the household's level of USDA Commodities decreases or the household becomes ineligible as a result of the change, the State or local agency shall issue a notice of adverse action within ten days of the date the change was reported. The decrease in the benefit level shall be made effective not later than the month following the month in which the notice of adverse action period expires, provided a fair hearing and continuation of benefits has not been requested. See paragraphs 5160 and 5161, below, for additional information on time requirements for the notice of adverse action.

#### **5153 Failure To Report Changes**

If the State or local agency discovers that the household failed to report a change and, as a result, received USDA Commodities to which it was not entitled, the State or local agency shall file a claim against the household. If the discovery is made within the certification period, the household is entitled to a notice of adverse action if its USDA Commodities are reduced or terminated. A household shall not be held liable for a claim because of a change in household circumstances which it is not required to report.

#### **5160 NOTICE OF ADVERSE ACTION**

Prior to any action to reduce or terminate a household's USDA foods within the certification period, the State or local agency shall provide the household timely and adequate advance notice before the adverse action is taken. The procedures for continuing benefits pending a fair hearing requested during the advance notice period are discussed in paragraph 5560, below.

#### **5161 Timing of Notice**

The advance notice period shall be considered timely if the advance notice period includes at least ten and no more than twenty days from the date the notice is mailed to the date upon which the action becomes effective. Also, if the adverse notice period ends on a weekend or

holiday, and a request for a fair hearing and continuation of benefits is received the day after the weekend or holiday, the State or local agency shall consider the request.

**5162 Timing of Notice for Joint PA or GA and Food Distribution Processing**

The notice of adverse action shall be considered timely if the advance notice period conforms to that period of time defined by the State Agency as an adequate notice period for its PA caseload, provided that the period includes at least ten days from the date the notice is mailed to the date upon which the action takes effect. For example, if a notice is mailed October 10, the effective date would be October 20, at the earliest.

**5163 Contents of the Notice of Adverse Action**

The notice of adverse action shall be considered adequate if it explains in easily understandable language: (1) the reason for the proposed action; (2) the household's right to request a fair hearing; (3) when the proposed action will take effect; and (4) the telephone number and name and address of the person to contact for additional information and the availability of continued benefits.

If there is an individual or organization available that provides free legal representation, the notice shall also advise the household of the availability of the service.

## **SECTION 2 - ACTIONS RESULTING FROM DETERMINATIONS OF INELIGIBILITY**

### **5200 ACTION ON INELIGIBLE HOUSEHOLDS**

When the State or local agency makes a determination that a household is ineligible for Food Distribution benefits based on financial and/or nonfinancial criteria, a Notice of Denial shall be sent to the household.

### **5210 NOTICE OF DENIAL**

Each household denied eligibility shall be provided a written notice of denial explaining:

- A. The basis for the denial;
- B. The household's right to request a fair hearing;
- C. The telephone number of the Food Distribution office and the name and address of the person to contact for additional information; and
- D. If there is an individual or organization available that provides free legal representation, the notice shall also advise the household of the availability of the service.

### **5211 Time Limit for Providing Notice**

Households that are found to be ineligible shall be sent a notice of denial as soon as possible, but not later than seven working days excluding weekends and holidays following the date the application was filed.

## SECTION 3 - RECERTIFICATION

### **5300    GENERAL REQUIREMENTS**

The State or local agency shall develop a procedure for notifying a household that it must reapply to be recertified for participation near to the end of its certification period.

Households applying for recertification in the last month of the current certification period shall be provided an opportunity to obtain USDA Commodities on an uninterrupted basis. The State or local agency shall continue distribution of USDA Commodities to a household denied for further participation at the time of recertification if the household requests a fair hearing. The joint processing requirements for PA or GA households continue to apply for recertification procedures.

### **5310    NOTICE OF EXPIRATION OF CERTIFICATION**

The State or local agency may provide each household with a notice of expiration of its certification in the last or next-to-last month of the certification period.

#### **5311    Contents of Notice**

Each State Agency may use a notice of expiration. The notice of expiration should include the: A. Date the current certification period ends;

B. Date by which the household must file an application to receive uninterrupted benefits;

C. Address of the office where the application must be filed;

D. Consequences of failure to comply with the notice of expiration (i.e., loss of right to uninterrupted benefits unless the household has good cause); and

E. Household's right to file the application by mail or through an authorized representative.

The State Agency is encouraged to include an application form with a notice of expiration if one is used by the State Agency.

### **5320    HOUSEHOLD FAILURE TO SUBMIT A TIMELY REAPPLICATION**

A household which fails to submit a timely application for recertification shall lose its right to uninterrupted benefits. Households which refuse to cooperate in providing information shall be denied. Any application not submitted in a timely manner shall be treated as an application for initial certification, except that for applications received within thirty days after the certification period expires, previously verified income need not be verified if the source has not changed and the amount has changed by \$50 or less in a quarter.

## SECTION 4 - CHOICE OF PROGRAMS

### **5400 CHOICE OF PROGRAMS**

Households eligible for either the Food Stamp Program or Food Distribution Program on Indian Reservations, where both programs are available, may elect to participate in either program. A pending disqualification hearing for intentional program violators shall not affect the individual's or household's right to be certified and participate in the Food Distribution Program. The individual or household may continue to participate in either program until they have been officially terminated.

No household on any Indian reservation shall be permitted to participate simultaneously in the Food Stamp Program and the Food Distribution Program. However, a household certified in the Food Stamp Program must terminate its participation in the Food Stamp Program before receiving Food Distribution Program benefits.

### **5410 ALLOWABLE TIMES FOR CHANGING PROGRAMS**

Households may elect to participate in one program and subsequently elect the other at the end of the certification period. Households may also elect to switch from one program to the other within a certification period, but only by terminating their participation and notifying the State or local agency of their intent to switch programs. Households certified in either the Food Distribution or Food Stamp Program on the first day of the month can only receive benefits in the program for which they are currently certified during the month.

### **5420 NOTIFICATION TO THE STATE AGENCY**

At the point the household elects to change programs the household or its authorized representative should notify the State Agency either verbally or in writing of its intent to switch programs and file an application for the program in which it wishes to participate.

### **5430 STATE OR LOCAL AGENCY ACTION AND BENEFIT ENTITLEMENT**

Households that have notified the State Agency of their intent to switch programs shall have their eligibility terminated for the program in which they are currently participating on the last day of the month in which the household notifies the State Agency of their intent to change programs. Entitlement in the program for which they are now applying, if all eligibility criteria are met, would begin in the month following the month of termination in the previous program. For example, if a household participating in the Food Distribution Program in May notified the State or local agency of its intent to change programs on May 15th, the household could immediately apply for the Food Stamp Program. If eligible for both programs, the household would receive USDA Commodities in May and Food Stamps in June.

## SECTION 5 - FAIR HEARINGS

### **5500 GENERAL**

This section describes the fair hearing process through which households which believe they have been aggrieved by some State or local agency action may have the action reviewed by an impartial third party. Each State Agency shall provide a fair hearing to any household aggrieved by any action of the State or local agency which affects the participation of the household in the program.

### **5510 NOTIFICATION OF RIGHT TO REQUEST HEARING**

At the time of application, each household shall be informed in writing of its right to a hearing, of the method by which a hearing may be requested, and that its case may be presented by a household member or representative, such as a legal counsel, a relative, a friend or other spokesperson. In addition, at any time the household expresses to the State Agency that it disagrees with a State or local agency action, the household shall be reminded of the right to request a fair hearing. If there is an individual or organization available that provides free legal representation, the household shall also be informed of the availability of that service. Hearing procedures shall be published by the State Agency and made available to any interested party.

### **5520 REQUEST FOR HEARING**

A request for a hearing is a clear expression, oral or written, by the household or its representative that it wishes to appeal a decision or present its case to a higher authority. If it is unclear from the household's request what action it wishes to appeal, the State Agency may request the household to clarify its grievance. The freedom to request a hearing shall not be limited or interfered with in any way.

### **5521 Time Period for Requesting Hearing**

A household shall be allowed to request a hearing on any action by the State Agency which occurred in the past ninety days.

### **5530 ACTION ON HEARINGS**

The State agency shall process requests and shall implement hearing decisions as provided below.

### **5531 Receipt of Request**

Within sixty days of receipt of a request for a fair hearing, the State Agency shall conduct the hearing, arrive at a decision, and notify the household and local agency of the decision. Decisions which result in an increase or decrease in USDA foods shall be reflected in the next scheduled distribution following receipt of the hearing decision.

**5532 Household Requests for Postponement**

The household is entitled to a postponement of the hearing, if it asks for one. The postponement shall not exceed 30 days and the time limit for action on the decision may be extended for as many days as the hearing is postponed. For example, if a State level hearing is postponed by the household for ten days, notification of the hearing decision will be required within seventy days from the date of the request for a hearing.

**5540 AGENCY CONFERENCE**

The State Agency shall offer agency conference to households which ask for immediate resolution of a denial of eligibility for food distribution benefits. The State Agency may also offer agency conferences to households adversely affected by an agency action. The State Agency shall advise households that use of an agency conference is optional and that it shall in no way delay or replace the fair hearing process. The agency conference may be attended by the eligibility worker responsible for the agency action and shall be attended by an eligibility supervisor or the agency director, or both. An agency conference may lead to an informal resolution of the dispute. However, a fair hearing must still be held unless the household makes a written withdrawal of its request for a hearing. State Agencies should provide a notation in the appropriate participant casefile of the date of the conference, a brief statement regarding the issue and outcome.

**5541 Time Limit for Agency Conference Regarding Expedited Service**

An agency conference for households requesting an immediate resolution by a higher authority shall be scheduled within four working days unless the household requests that it be scheduled later or states that it does not wish to have an agency conference.

**5550 STATE AGENCY RESPONSIBILITIES ON HEARING REQUESTS**

Upon request, the State Agency shall make available without charge the specific materials necessary for a household or its representative to determine whether a hearing should be requested or to prepare for a hearing. If the individual making the request speaks a language other than English and the State Agency is required to provide bilingual staff or interpreters who speak the appropriate language, the State Agency shall ensure that the hearing procedures are verbally explained in that language. Upon request, the State Agency shall also help a household with its hearing request. If the household makes an oral request for a hearing, the State Agency shall complete the procedure necessary to start the hearing process. Households shall be advised of any legal service available that can provide representation at the hearing.

**5551 Rules of Procedure**

The State Agency shall publish clearly written uniform rules of procedure that conform to the Regulations and shall make the rules available to any interested party. At a minimum, the uniform rules of procedures shall include all time limits for filing requests and appeals, advance notification requirements, hearing timeliness standards, and the rights and responsibilities of persons requesting a hearing.

**5552 Denial or Dismissal of Request for Hearing**

The State Agency shall not deny or dismiss a request for a hearing unless the:

- A. Request is not received within the time period specified in subparagraph 5521, above;
- B. Request is withdrawn in writing by the household or its representatives; or
- C. Household or its representative fails, without good cause, to appear at the scheduled hearing.

**5560 CONTINUATION OF BENEFITS**

If a household asks for a fair hearing and continuation of benefits within a period provided by the notice of adverse action the household's participation in the program shall be continued on the basis authorized immediately prior to the notice of adverse action unless the household specifically waives continuation of benefits. The form for requesting a fair hearing shall contain space for the household to indicate whether or not continued benefits are requested. If the form does not positively indicate that the household has waived continuation of benefits, the State Agency shall assume that the continuation of benefits is desired and that the benefits shall be issued accordingly. If the State Agency action is upheld by the hearing decision, a claim against the household shall be established for all overissuance of USDA foods. If a hearing request is not made within the period provided by the notice of adverse action, benefits shall be reduced or terminated as provided in the notice. However, if the household establishes that its failure to make the request within the advance notice period was for good cause, the State Agency shall reinstate the benefits to the prior basis. When benefits are reduced or terminated due to a mass change, participation on the prior basis shall be reinstated only if the issue being contested is that food distribution eligibility or benefits were improperly computed or that Federal law or regulation is being misapplied or misinterpreted by the State Agency.

**5561 Reduction or Termination of Benefits**

The State Agency shall promptly inform the household in writing if benefits are reduced or terminated pending the hearing decision. Once continued or reinstated, benefits shall not be reduced or terminated prior to the receipt of the official hearing decision except as follows:

- A. Issue of Federal Law or Regulation. The hearing official makes a preliminary determination, in writing and at the hearing, that the sole issue is one of Federal law or regulation and that the household's claim that the State agency misapplied such law or regulation is invalid.
- B. Subsequent Changes in Circumstances. A change affecting the household's eligibility or level of benefits occurs while the hearing decision is pending and the household fails to request a hearing after the subsequent notice of the adverse action.



**5562 Retroactive Benefits**

The Food Distribution Program does not provide retroactive benefits. Issuing retroactive benefits could lead to food waste or encourage the sale of commodities for cash.

**5563 Notification of the Hearing**

The time, date, and place of the hearing shall be arranged so the hearing is accessible to the household. At least fifteen days prior to the hearing, advance written notice shall be provided to all parties involved to permit adequate preparation of the case. However, the household may request less advance notice to expedite the scheduling of the hearing. The notice shall contain the following:

- A. Name of the Agency Contact Person. The notice shall contain the name, address, and phone number of the person to notify in the event it is not possible for the household to attend the scheduled hearing.
- B. Possibility of Dismissal for Failure To Appear. The notice shall advise the household that the State Agency will dismiss the hearing request if the household or its representative fails to appear for the hearing without good cause.
- C. State Hearing Procedures. The notice shall include the State agency hearing procedures and any other information that would provide the household with an understanding of the proceedings and would contribute to the effective presentation of the household's case.
- D. Right To Examine the Casefile. The notice shall explain that the household or representative may examine the case file prior to the hearing.

**5570 THE HEARING OFFICIAL**

Hearings shall be conducted by an impartial official(s) who does not have any personal stake or involvement in the case, who was not directly involved in the initial determination of the action which is being contested, and was not the immediate supervisor of the eligibility worker who took the action.

**5571 Designation and Qualifications of the Hearing Official**

The hearing official shall be any of the following:

- A. An employee of the State Agency;
- B. An individual under contract with the State Agency;
- C. An employee of another public agency designated by the State Agency to conduct hearings;
- D. A member or official of a statutory board or other legal entity designated by the State Agency to conduct hearings; or

- E. An executive officer of a State Agency, a panel of officials of the State Agency or a person or persons expressly appointed to conduct hearings or to review hearing decisions.

### **5572 Powers and Duties of the Hearing Official**

The hearing official shall have the following powers and duties:

- A. Administer Oaths. The hearing official shall administer oaths of affirmation if required by the State.
- B. Ensure Consideration of Issues. The hearing official shall ensure that all relevant issues are considered.
- C. Record Evidence. The hearing official shall request, receive and make part of the record all evidence determined necessary to decide the issues being raised.
- D. Regulate the Conduct of the Hearing. The official shall regulate the conduct and course of the hearing consistent with due process.
- E. Render a Hearing Decision. The hearing official shall provide a hearing record and recommendation for final decision by the hearing authority, or if the hearing official is the hearing authority, render a decision in the name of the State Agency, in accordance with paragraph 5590, below, which will resolve the dispute.

### **5573 Hearing Authority**

The hearing authority shall be the person designated to render the final administrative decision in a hearing. The same person may act as both the hearing official and the hearing authority. The hearing authority shall be subject to the requirements specified in subparagraph 5571, above.

### **5580 CONDUCT OF THE HEARING**

The hearing shall be attended by a representative of the State Agency and of the local agency if it initiated the action being contested and by the household or its representative or both. The hearing may also be attended by friends and relatives of the household if the household so chooses. However, the hearing official shall have the authority to limit the number of persons in attendance at the hearing if space is limited.

### **5581 Household's Rights**

The household may not be familiar with the roles of order and it may be necessary to make particular efforts to arrive at the facts of the case in a way that makes the household feel most at ease. The household or its representatives have the following rights during the hearing process:

- A. Examine Documents. The household or its representative must be given adequate opportunity to examine all documents and records to be used at the hearing at a reasonable time before the date of the hearing as well as during the hearing. The contents of the case file including the application form and documents of verification used by the State or local agency to establish the household's ineligibility or eligibility and level of benefits shall be made available. However, confidential information, such as the names of individuals who have disclosed information about the household without its knowledge or the nature or status of pending criminal prosecutions, shall be protected from release. If requested by the household or its representative the State Agency shall provide a free copy of the relevant portions of the case file. Confidential information that is protected from release and other documents or records which the household will not otherwise have the opportunity to contest or challenge shall not be presented at the hearing or affect the hearing official's decision.
- B. Present Case. The household may present the case itself or have it presented by a legal counsel or other person.
- C. Bring Witnesses. The household or its representative may bring witnesses to support its case in the appeal.
- D. Advance Arguments. The household or its representatives shall be allowed to advance arguments without undue interference.
- E. Question Evidence. The household or its representative may question or refute any testimony or evidence, and may confront and cross-examine adverse witnesses.
- F. Submit Evidence. The household or its representative may submit evidence to establish all pertinent facts and circumstances in the case.

## **5590 THE HEARING DECISION**

Decisions of the hearing authority shall comply with Federal law or regulations and shall be based on the hearing record. The verbatim transcript or recording of testimony and exhibits, or an official report containing the substance of what transpired at the hearing, together with all papers and requests filed in the proceeding, shall constitute the exclusive record for a final decision by the hearing authority. This record shall be retained in accordance with the regulations. This record shall also be available, for copying and inspection, to the household or its representative at any reasonable time.

### **5591 Effect and Content of the Hearing Decision**

A decision by the hearing authority shall be binding on the State Agency and shall summarize the facts of the case, specify the reasons for the decision, and identify the supporting evidence and the pertinent Federal regulations. The decision shall become a part of the record.

**5592 Notification of the Hearing Decision**

The household and the local agency shall each be notified in writing of the decision; the reasons for the decision in accordance with subparagraph 5591, above; the available appeal rights; and that the household's benefits will be issued or terminated as decided by the hearing authority. The notice shall advise that an appeal request may result in a reversal of the decision.

**5593 Implementation of Hearing Decisions**

The State Agency is responsible for ensuring that all final hearing decisions are reflected in the household's next scheduled distribution following receipt of the hearing decision.

**5594 Household Appeal Rights**

The household has the right to appeal an adverse fair hearing decision. After a State level hearing decision which upholds the State Agency action, the household shall be notified of the right to pursue judicial review of the decision.

**5595 Public Access to State Agency Hearing Records**

All State Agency hearing records and decisions shall be available for public inspection and copying, subject to the disclosure safeguards provided in paragraph 1330, above, and provided identifying names and addresses of household members and other individuals are kept confidential.

**SECTION 6 - STATE AGENCY CLAIMS PROCEDURE AGAINST HOUSEHOLDS****5600 CLAIMS AGAINST HOUSEHOLDS**

Each State agency shall establish a claim against any household that has received more USDA commodities than it is entitled to receive. Overissuance means the amount by which food issued to a household exceeds the amount it was eligible to receive.

**5610 INSTANCES REQUIRING A CLAIM DETERMINATION**

Instances which may result in a claim include, but are not limited to, the following:

- A. Household provided incorrect or incomplete information on the application at the time of certification.
- B. Household failed to report subsequent income or resource changes, or changes in household composition that affected eligibility or benefit levels.
- C. Household participated in both the Food Stamp Program and the Food Distribution Program at the same time, or participated in the Food Distribution Program in more than one location. In instances of dual participation, the last program to certify a household bears the responsibility for claims activity against the household when it is determined the household has been previously certified for another program.
- D. Household was found ineligible for commodities, or eligible for fewer commodities than it received while a fair hearing decision was pending.
- E. State agency failed to take immediate action on changes reported by households, which resulted in overissuances, whereby recipients received more commodities than they were entitled to or were ineligible as a result of reported changes.
- F. State agency erroneously calculated the household's eligibility during verification of certification, and an eligible or ineligible household received commodities to which it was not entitled.
- G. Household received an overallotment of commodities for the month(s).

For claim situations involving changes that a household was obligated to report, special attention must be given to assure that the time frames for the Notice of Adverse Action have been followed when calculating the month(s) the overissuance occurred. (See paragraphs 5160 and 5163, above.)

**5620 CRITERIA FOR ESTABLISHING CLAIMS**

Any overissuance occurring within the 12-month period before discovery of an error shall be included in the claim determination. Any overissuance which occurred prior to 12 months before discovery of an error shall be excluded. For example, an error is found in the issuance of food to a household on July 11, 1998, and this overissuance started June 1, 1997. The only period counted as part of the claim would be from July 11, 1997 to July 11, 1998.

**5621 Procedural Errors**

A claim shall not be established if an overissuance occurred as a direct result of the following error:

A State agency failed to ensure that a household signed the application form, or continued to receive commodities after its certification period had expired without benefit of a reapplication determination.

**5630 CALCULATING THE AMOUNT OF CLAIM**

After excluding those months that are more than 12 months prior to the date the overissuance was discovered, the State agency shall determine the correct amount of benefits the household should have received based on the number of months the household participated while receiving the overissuance. The quantity of food items overissued multiplied by the number of months the household received them, times the average value of each of the items constitutes the claim amount. If this claim amount is less than \$35, the claim need not be filed. However the claim determination must be documented and placed in the appropriate household file.

**5631 Formula of Claims**

The calculation of any claim can be accomplished by using the formula below for each commodity distributed, and then adding up the individual costs of all the commodities overissued to obtain the total value of the commodities. This will result in a total value of the claim. All numerical figures to be applied in the calculation should be taken from the USDA Commodity File listing.

- A. Unit of food item overissued/month x number of months = total number of each unit overissued.
- B. Total number of each unit x average food value/unit = value of unit overissued.
- C. Add all values of units for total claim amount.

**5632 Example of Claim Collection**

If a household received an overallotment of commodities from March 1998 to August 1998, consisting of:

- 4 cans of pork with natural juices
- 2 loaves of process cheese
- 7 cans of corn
- 2 jars of peanut butter

To calculate the value of the claim you would:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	
COMMODITY	UNITS OVER ISSUED	# OF MONTHS	TOTAL UNITS OVERISSUED (A x B)	AVG. VALUE PER UNIT	VALUE OF OVERISSUANCE (C x D)
Pork, Canned	4 cans	6	24	\$ 1.00	\$24.00
Cheese, Process	2 loaves	6	12	\$ 1.50	\$18.00
Corn, Canned	7 cans	6	42	\$ .60	\$25.20
Peanut Butter	2 jars	6	12	\$ 1.80	\$21.60
<b>Total</b>					<b>\$88.80</b>

A sample worksheet for calculating the value of the claim is attached as Exhibit M-1, attached. **5640**

**COLLECTION ACTION**

The State agency shall initiate collection action by sending the household a written letter which informs the household of the amount owed; the reason for the claim; information about how to pay the claim (e.g., by making payments or lump sum); and the right to request a fair hearing.

**5641 Method of Collection**

Payments in collection of claims shall be made in cash (check) or money order payable to FNS. All monies received by the State agency shall be forwarded to the FNS Regional Office. Payments shall not be made in returned commodity foods; nor shall households be allowed to refuse their current monthly food allotment in payment of the claim amount.

**5642 Suspension of Collection**

At a minimum, the State agency shall send the household one demand letter. The State agency may suspend further demand letters if any of the following conditions apply:

- A. Household has not misrepresented its household status in order to receive benefits or increase benefits (see subparagraph 5662, below); or
- B. Household is not able to pay the claim or the entire amount of the claim because the household has little or no income or resources; or
- C. Household cannot be located; or
- D. Cost of additional collection procedures would likely exceed the amount to be recovered. (See paragraph 5630, above.)

Unless one of the above criteria applies, the State agency shall send the household additional demand letters in no more than 30-day intervals for a maximum of three letters. Households which are to be disqualified shall be sent at least two demand letters before action is taken to disqualify the household.

A sample demand letter is attached as Exhibit M-2, attached.

**5650 TERMINATING COLLECTION OF A CLAIM**

A claim shall be determined uncollectible after it is held in suspense for 3 years.

**5651 Change in Household Composition - Claims**

The State agency shall initiate collection against the head of the household or against the individual who was the head of the household at the time of the claim. If the head of the household is no longer living or cannot be located, the State agency shall pursue collection against the remaining household members.

**5660 DISQUALIFICATION**

Households may be disqualified from participation for failure to pay a claim under the following circumstances:

- A. Amount of the claim is greater than \$100.
- B. Claim is not the result of an administrative error on the part of the State agency.
- C. Household has refused to pay the claim or has agreed to pay according to the payment schedule but has not actually paid the claim.

A disqualified household may not receive benefits during the period of disqualification.



**5661 Waiver of Disqualification**

The State agency may waive disqualification if in the opinion of the State agency, the disqualification would cause undue hardship to the household. Any household whose participation will be ended due to an unpaid claim shall be given advance notice (see paragraph 5160, above) and may request a fair hearing. The State agency may waive the disqualification if the household pays the claim at any time during the disqualification period thus canceling the disqualification period.

**5662 Misrepresentation**

Any household that willfully, or with reckless disregard to accuracy misrepresents, or provides information which is known to be incorrect regarding household size, income, resources or other eligibility factors which result in the household receiving more benefits than it would otherwise be entitled to receive, shall be disqualified from participation for a period from 3 months to 6 months. The period of disqualification shall be determined by the State agency, and shall be based on the seriousness of the misrepresentation. Prior to disqualification, the household must receive advance notice (see paragraph 5160, above) and may request a fair hearing.

**5663 FDPIR Fraud**

Any household or individual that has been convicted of fraud by a court shall be disqualified for 3 to 6 months or for the length of time the court imposes for disqualification which may be longer. The State agency need not hold up collection of a claim while an individual or household suspected of fraud is investigated or is undergoing court procedures. The State agency may, however, postpone collection of a claim if the prosecutors of the case request this. A claim owed for overissued commodities shall be established whether or not the court fined or penalized the individual or household. If possible, repayment for commodities received fraudulently should be considered at the court hearings.

**5670 NO REDUCTION IN BENEFITS**

State agencies may not recover benefits from households by reducing the amount of commodities the household would otherwise receive. Households may be disqualified for failure to repay a claim in accordance with paragraph 5660, above.

**5680 FNS APPROVAL**

Any supplemental procedures for initiation and resolution of claim determinations developed by the State agency must be approved by FNS.

## **CHAPTER VI**

### **ORDERING AND RECEIPT OF USDA COMMODITIES**

#### **SECTION 1 - USDA COMMODITY ORDERING PROCEDURES**

##### **6100 DESIGNATION OF A DESTINATION FOR DELIVERY OF USDA COMMODITIES**

The State Agency shall order USDA Commodities on a monthly, bi-monthly, or quarterly basis for shipment to a destination(s) designated by the State Agency or Indian Tribal Organization with the assistance of the appropriate FNS Regional Office. The destination(s) shall be selected prior to ordering any USDA Commodities and shall remain in effect until formally changed or deleted by the State Agency.

##### **6101 Selection Criteria**

Selection of a destination for USDA Commodity shipments shall be based on the following factors:

- A. Adequacy of available storage facilities, including dry, cool and/or freezer capabilities.
- B. Accessibility to local distribution warehouse(s) in the service area.
- C. Minimization of shipping costs to USDA.
- D. Ability to accept rail or truck deliveries.

##### **6102 Notification of Destination Selection**

The State Agency shall notify the appropriate FNS Regional Office of its destination selection(s) by Form FNS-7, Destination Data for Delivery of Donated Foods (see Exhibit N, attached). An "entity" code will be assigned by the USDA Kansas City Farm Service Agency's (FSA) Commodity Office to facilitate shipments. The entity code and destination city must be entered on all orders which are to be shipped to the specified destination. The State Agency shall maintain a current Form FNS-7 file including any changes or deletions of a destination(s) subsequent to the filing of the original Form FNS-7.

##### **6110 ESTIMATING USDA COMMODITY NEEDS**

The State Agency shall base the kinds and amounts of USDA Commodity orders on the following factors:

- A. Participation.
  - 1. Initial start-up participation data shall be obtained by averaging Food Stamp Program participation for the three months prior to the month in which the order is placed.

2. After the program is operative, participation data shall be obtained by averaging food distribution participation for the first two months of the quarter in which the order is being placed.
- B. Maintenance of a three month supply of available USDA Commodities by food group, where feasible.
- C. Distribution rates as stated in the Food Distribution Program on Indian Reservations -Monthly Distribution Guide Rate by Household (see Exhibit O, attached).
- D. Household preferences for the various foods offered in the USDA Commodity package. Before the initial order of the USDA Commodities is placed with the Department, the State Agency shall survey potential households to determine which varieties of USDA Commodities they would prefer to receive. To the maximum extent possible, USDA Commodity orders shall be placed in accordance with the results of the survey. It is important to explain to the potential households that all of their USDA Commodity selections may not be distributed because of procurement, shipping, storage, and other related problems.
- E. After the Food Distribution Program has been implemented, food preferences may be obtained by the following methods:
1. During distribution, households may be interviewed by the distribution clerk, or other program personnel, to determine which varieties of USDA Commodities they prefer and which foods they would like to see distributed in the future.
  2. During distribution, a preprinted paper may be given to the households listing the varieties of foods that may be available for distribution the following month. The preprinted paper should also contain maximum amounts of food authorized by family size. Households may fill in the types and amounts of food they would prefer to receive at the next distribution.
  3. After the program had been in operation for a few months, the refusal and acceptance of each USDA Commodity should be analyzed to determine which USDA Commodities are the most and least preferred by the household.
- F. The amount of inventory in the State Agency's storage for each USDA Commodity item.

**6120 ORDERING USDA COMMODITIES****6121 Submission of USDA Commodity Pre-Orders**

The State Agency/Indian Tribal Organization shall submit quarterly pre-orders of the amounts of USDA commodities needed to the appropriate FNS Regional Office prior to the quarter in which they will be received. The appropriate FNS Regional Office will inform the State Agency/Indian Tribal Organization when the pre-orders are due.

**6122 Notice of Allocation**

- A. Direct Shipment. A shipment consisting of a full truckload of a single commodity to be delivered directly from a vendor or USDA storage to a State Agency/Indian Tribal Organization. It is recommended that State Agencies/Indian Tribal Organizations order direct shipments when (1) sufficient storage space is available for supplying a full food package; and (2) inventories relative to participation do not exceed a three-month supply. (See subparagraph 7431, below.)

Upon purchase of a USDA commodity, the appropriate FNS Regional Office shall notify the State Agency/Indian Tribal Organization of its allocation. If the State Agency wishes to refuse all or part of the allocation, the appropriate FNS Regional Office should be notified as soon as possible, preferably 21 days prior to the first day of the scheduled shipping period. The State Agency shall provide written notification to the appropriate FNS Regional Office stating the reason for the refusal.

- B. Multi-Food Shipment. A shipment consisting of a combination of three or more commodities, which together total a truckload. The orders are filled from Federal inventory, and consolidated to be shipped as one unit. State Agencies/Indian Tribal Organizations should utilize the multi-food ordering option when (1) storage space is limited; or (2) when only partial quantities of individual foods are needed.

Upon submission of the multi-food orders to the FSA Kansas City Commodity Office for processing, the appropriate FNS Regional Office shall notify the State Agency/Indian Tribal Organization of its allocation. If the State Agency wishes to refuse all or part of the allocation, the appropriate FNS Regional Office should be notified as soon as possible, preferably 21 days prior to the first day of the scheduled shipping period. The State Agency shall provide written notification to the appropriate FNS Regional Office stating the reason for the refusal.

**6130 FOOD REQUISITION**

The State Agency shall order each USDA Commodity individually on a Form FNS-52, Food Requisition (see Exhibit Q, attached) or FNS-53, Multi-Food Requisition (see Exhibit Q-1, attached).

- A. Form FNS-52, Food Requisition. This form is used by the State Distributing Agency/Indian Tribal Organization to request USDA commodities individually, and furnish shipping instructions to the Department.
- B. Form FNS-53, Multi-Food Requisition. This form is used by the State Distributing Agency/Indian Tribal Organization to request multi-food shipments from USDA leased storage facilities and to furnish shipping instructions to the Department.

State Agencies may submit electronic versions of Forms FNS-52 and FNS-53.

**6140 CANCELLATION OF ORDERS**

If the State Agency determines that it has ordered an excessive amount of a USDA Commodity that cannot be effectively used in the program, it shall immediately notify the appropriate FNS Regional Office by telephone to request cancellation of the order. Immediate notification permits the Department to cancel the order before it has been purchased. If the Department had already purchased the USDA Commodity, it can divert the product to another State Agency that can effectively use the food or it can be placed in storage. Written notification shall be submitted to the appropriate FNS Regional Office to cancel food orders.

**6150 REDONATIONS**

State Agencies shall request redonation of any USDA Commodity in inventory which it cannot effectively use in the program. Request for redonations shall be made to the appropriate FNS Regional Office. When the State Agency can satisfactorily demonstrate to the appropriate FNS Regional Office that the need for the redonation results from no fault or negligence on its part, the Department shall assume transportation costs. Prior to any redonation, the State Agency shall have the USDA Commodity inspected to determine if the product is fit for human consumption.

**6151 State Agency Fault or Negligence**

When the State Agency does not satisfactorily demonstrate that the need for the redonation did not result from fault or negligence on its part, the State Agency shall assume all transportation and related costs.

**6152 At the Department's Request**

Whenever a redonation of USDA Commodities is made at the request of FNS, the Department shall have the USDA Commodities inspected and pay all transportation and related costs of the shipment except where re. donation is necessary to prevent loss through fault or negligence on the part of the State.

**6160 USDA COMMODITY ORDERING PROCEDURES FOR A LOCAL AGENCY**

The State Agency shall provide instructions and forms to the local agency with which to make estimates of USDA Commodity needs and with which to order. The shipment periods may vary from one to three months depending on the State Agency's warehouse and transportation facilities. Therefore, the inventory in storage requirements may vary. For example, if the State Agency ships the USDA Commodities on a monthly basis, at least a one and one-half month supply per food group should be maintained. If shipments are to be made every three months, a three and one-half month supply should be maintained.

Regardless of the system the State Agency has, the local agency shall base USDA Commodity estimates and orders on the following factors:

- A. Participation data.
- B. Inventory in storage.
- C. Distribution rates as stated in the Food Distribution Program on Indian Reservations -Monthly Distribution Guide Rate by Household Size (see Exhibit O).
- D. History of local food preferences.
- E. Local storage capacity and conditions.

## SECTION 2 - USDA COMMODITY RECEIPT PROCEDURES

### 6200 GENERAL

When a USDA Commodity has been shipped by the vendor or transported from USDA storage, the Kansas City FSA Commodity Office will provide written notification to the State Agency/Indian Tribal Organization via the KC-269A Forwarding Notice for direct shipments which will provide the following information:

- A. The date of shipment.
- B. The mode and identification of transportation.
- C. The origin and destination of the shipment.
- D. The USDA Commodity and the quantity shipped.

Written notification containing this information for multi-food orders uses the PPCR71, Consignee Report.

### 6210 STATE AGENCY RESPONSIBILITIES

Within 24 hours of the day the USDA commodity arrives at the destination, the carrier shall notify the State Agency by telephone or facsimile, and it shall be the State Agency's responsibility to assure that the railcar or truck is inspected and unloaded within a reasonable time in order to avoid demurrage charges. In addition, if a part of the shipment is intended for another destination, it is the State Agency's or consignee's responsibility to assure that the load is properly leveled and braced prior to its departure for the next stop.

### 6211 Shipment Inspection Procedures

The State Agency or consignee shall examine all shipments, prior to accepting or unloading the USDA Commodities, to ascertain the following information:

- A. If temperatures for refrigerated and frozen products are adequate to assure that the USDA Commodities are in good condition.
- B. If there is damage to canned goods, such as dented, bulging discolored, or disfigured ,cases or cans, which might indicate spoilage or deterioration.
- C. If dry USDA Commodities such as nonfat dry milk, flour, and other grain products show signs of insect or rodent infestation.
- D. If there is a shortage or overage in the shipment.

**6212 Over, Short, or Damaged Shipments**

When a shipment is received and found to be over or short in quantity or damaged in total or in part, the State Agency shall notify the delivering carrier immediately by telephone. The State Agency shall also prepare Form FNS-57, Report of Shipment Received Over, Short and/or Damaged (See Exhibit S, attached), and forward it to the Kansas City FSA Commodity Office. The State Agency shall not refuse the shipment without prior approval from the appropriate FNS Regional Office.

**6213 Receipt of Out-of-Condition Commodities**

When a shipment is received in which all or a major part of the USDA Commodity appears to be unfit for human consumption, the State Agency shall immediately notify the appropriate FNS Regional Office by telephone and request an inspection. Subsequently, it may be necessary to refuse the entire carlot or truckload. This action should not be taken without prior consent of the appropriate FNS Regional Office.

**6214 Notification of Out-of-Condition Shipment of USDA Commodity**

When reporting a carlot or truckload of an out-of-condition USDA Commodity, the State Agency shall give the following information to the appropriate FNS Regional Office by telephone and in writing:

- A. Name of the USDA Commodity.
- B. Delivery order number.
- C. Date the shipment was received.
- D. Date of discovery.
- E. Description of the condition of the USDA Commodity.
- F. Location of the USDA Commodity.
- G. Name of the person having custody of the USDA Commodity.
- H. Quantity that is in questionable condition.
- I. Protection given the USDA Commodity after receipt.

**6215 Receipt of USDA Commodity With Latent Defects**

If the USDA Commodity is found to have a latent defect after it is received, and it is believed that the vendor is at fault, the State Agency shall report the loss to the appropriate FNS Regional Office by telephone and confirm the report in writing. The report must contain the following information:



- A. Name of the USDA Commodity.
- B. Delivery order number.
- C. Date the shipment was received.
- D. Date of the discovery of the defective condition.
- E. Condition of the USDA Commodity.
- F. Location of the USDA Commodity.
- G. Quantity on hand that is out-of-condition.
- H. Protection given the USDA Commodity after receipt.
- I. The name and title of the person who determined the USDA Commodity was unfit for human consumption.
- J. Any information which might help establish the vendor's liability.

The out-of-condition USDA Commodity shall not be disposed of or destroyed unless it creates a hazard for other USDA Commodities stored near it; however, it should be segregated from other foods immediately. If immediate disposal is necessary the State Agency shall request permission from the appropriate FNS Regional Office by telephone. The quantity of the USDA Commodity and the manner in which it was disposed shall be included in the State Agency's report to the appropriate FNS Regional Office.

#### **6216 Salvage of USDA Commodities**

If some of the USDA Commodities in a damaged shipment are salvageable, it is the State Agency's responsibility to save as much of the USDA Commodity as practicable. Out-of-pocket expenses, such as labor or packaging costs, incurred by the State Agency or by the local consignee during a salvage operation are reimbursable by the USDA.

#### **6217 Form KC-269(A), Forwarding Notice, as a Consignee Receipt**

The Forwarding Notice provides advance notice of the quantities of donated food ordered for shipment by the FSA Kansas City Commodity Office for the order(s) shown. (See Exhibit T, attached.) The notice usually includes the mode of transportation. The Consignee Receipt (on the reverse side of the of the KC-269A) must be completed by the State Agency/Indian Tribal Organization when there is an overage, shortage or damage to the shipment.

Two copies for each order shown in the Forwarding Notice will be sent to the State Agency/Indian Tribal Organization. The forms will be accompanied by a postage and fees paid envelope preaddressed to the FSA Kansas City Commodity Office. When an over short or damaged shipment is received, the appropriate section of the Distributing Agency Consignee Receipt is to be completed, and a copy returned to the Kansas City commodity Office accompanied, when necessary, by the form FNS-57 (Over, Short, and Damaged Report) and other supporting documentation. A copy of this form does not need to be provided to the FNS Regional Office.

#### **6218 Form PPCR71 - Multi-Food Consignee Receipt**

This form eliminates paperwork relative to shipments of mixed donated commodities. It lists the names of foods and quantities requested for shipment under the designated consolidation number. After receipt of a multi-food shipment, the State Agency/Indian Tribal Organization is to sign the form and return it to the Kansas City Commodity Office. Any shipment in which there was a shortage, overage, or damage must be reported on Form FNS-57 (Over, Short, and Damaged Report).

#### **6220 LOCAL AGENCY RESPONSIBILITIES**

The State Agency shall notify the local agency when USDA Commodities are to be delivered and in what quantities. The local agency shall be prepared to accept and store the USDA Commodities and shall inspect and count them as they are unloaded. The State Agency shall provide the local agency with forms for the receipt of the USDA Commodities and for reporting any overages, shortages, or damage.

## **CHAPTER VII WAREHOUSING AND INVENTORY CONTROL**

### **SECTION 1 - WAREHOUSING OF USDA COMMODITIES**

#### **7100    GENERAL**

The State Agency shall provide storage space for the USDA Commodities which is of adequate size; protected against the elements, infestation, and theft; has temperature controlled areas for perishable foods; is accessible to program participants; and can be reached by carriers delivering the USDA Commodities. The following subsections give warehousing and storage practices that are required to assure proper protection and efficient management of USDA Commodities.

#### **7110    STORAGE SPACE**

The amount of storage space needed shall be determined by the volume, types of USDA Commodities, quantity, packaging and allowable floor loads. The State Agency shall provide sufficient floor space to allow air circulation and to permit ease of cleaning, inventory, inspection, and handling of foods.

#### **7120    DETERMINATION OF SIZE AND SPACE**

The State Agency shall use the following factor to determine the amount of storage space required: The minimum amount of storage space needed to store one case or bag of a USDA Commodity is 1 1/2 cubic feet.

#### **7130    CHARACTERISTICS OF ACCEPTABLE STORAGE FACILITIES**

Storage facilities shall afford protection from the elements and extremes of temperature. In addition the warehouse shall be:

- A. Tightly constructed.
- B. Waterproof.
- C. Rodent and insect inspected.
- D. Well-ventilated.
- E. Insulated (if practical).
- F. Structurally sound.
- G. Well-lighted.
- H. Accessible for both rail and truck deliveries

**7131 Warehouse Floors**

Warehouse floors shall be smooth and level to facilitate operation of the hand and/or mechanically powered equipment used to handle and transport USDA Commodities. Floors shall be capable of supporting the maximum weight of the heaviest USDA Commodities stacked floor to ceiling. The State Agency shall procure the services of a State or local safety engineer to determine and certify the load bearing capacity of the floor prior to use of the warehouse.

**7132 Warehouse Windows and Doors**

The State Agency shall provide screens for windows and personnel doors to prevent entry by rodents, insects, and birds. In addition, windows shall be shielded adequately to protect the USDA Commodities from direct sunlight. Windows and doors shall have strong locking devices to prevent theft.

**7133 Fire Prevention Equipment**

The State Agency shall provide hand or power operated fire extinguishers to meet the minimum National Fire Protection Association standards.

**7140 TYPES OF STORAGE FACILITIES**

The State Agency shall provide three types of storage facilities to assure proper protection of USDA Commodities. The three types of facilities are dry, refrigerated, and freezer storage. The Department will state on the allocation notice the temperature requirements for each food item.

**7141 Dry Storage Areas**

The majority of USDA Commodities can be adequately warehoused in dry storage areas. The desirable temperature to maintain in dry storage areas is 50° F to 70° F Fahrenheit. In hot humid climates where temperatures of 50° F to 70° F cannot be maintained, it may be necessary to install air-conditioning to keep the temperature from going above 70° F. Temperatures above 70° F in dry storage areas cause increased insect activity in grain products and bulging and swelling of canned goods. In climates where the temperatures may drop below freezing, a heating system may be necessary to keep canned goods from freezing. Temperature below 32° F can cause freezing of canned goods and render the food unfit for human consumption.

**7142 Refrigerated Storage Areas**

Only a few USDA Commodities, such as cheese and fresh produce, require refrigerated storage. However, the storage life of many other foods such as grain products, and dried fruits is greatly prolonged by the use of the refrigerated storage. The desirable temperature to maintain in refrigerated storage is 36° F to 40° F. Temperatures above 50° F can cause deterioration such as rancidity, loss of flavor, and loss of texture. Temperatures below 32° F will result in clumping of products and loss of flavor.

**7143 Freezer Storage Areas**

Several USDA commodities require freezer storage. The required temperature for freezer storage is 0° F and below. Temperatures above zero degrees Fahrenheit will cause print butter to become rancid and off flavor, and also result in oil seepage from the product; however, canned butter may be stored in cool or dry facilities.

**7144 Temperature Control**

Wherever USDA commodities are stored, reliable thermometers shall be provided by the State agency to assure that proper temperatures are maintained. Temperature readings shall be taken and recorded at least daily both outside and inside refrigerated and freezer storage and more often if there is difficulty in maintaining the desired temperature.

**SECTION 2 - STACKING USDA COMMODITIES****7200 STACKING USDA COMMODITIES**

The State Agency shall assure that USDA Commodities are stacked in accordance with the Department's recommendations. Proper stacking of USDA Commodities can help prevent damage from excess weight on the bottom layers and facilitate the required physical inventory count. In addition, it is necessary in order to assure the safety of persons working around the USDA Commodities. Recommended stacking procedures are as follows:

- A. Stack USDA Commodities of a kind together, i.e., canned goods next to canned goods, bagged foods next to bagged foods, etc.
- B. USDA Commodities shall be stacked on pallets or dunnage in uniform quantities to allow easy inventory (see Exhibits V-1 and V-2, attached, for illustrations).
- C. USDA Commodities shall not be stacked to a height which would create unstable pallets or which would endanger the food handlers.

**7210 VENTILATION OF STORAGE FACILITIES**

The State Agency shall store foods in such a way to allow air circulation in the warehouse. Good ventilation retards growth of bacteria and molds, prevents mustiness and rusting of metal containers, and minimizes caking of powdered foods. Maximum air circulation shall be achieved by the following storage methods:

- A. All USDA Commodities shall be stacked off the floor on pallets or dunnage.
- B. All USDA Commodities shall be stacked at least eighteen inches from any walls and at least two feet from the ceiling.
- C. All stacks of USDA Commodities shall be separated by at least 24 inches.

**SECTION 3 - HOUSEKEEPING PRACTICES****7300 HOUSEKEEPING PRACTICES**

Cleanliness and sanitation are essential to proper storage of USDA Commodities. The State Agency shall practice the following housekeeping methods:

- A. Clean and sweep the entire storage facility whenever there is a movement of food but at least weekly.
- B. Clean areas that harbor insects, such as comers, window sills, under pallets, and behind and between stacks of food at least weekly.
- C. Clean up foods that have been spilled promptly.
- D. Dispose of refuse, garbage, and debris daily.
- E. Remove empty cans and sacks from the storage area daily.
- F. Keep the area around the exterior of the warehouse free of debris, garbage and excess vegetation.

**7310 INSECT CONTROL**

Insects destroy or render unfit for human consumption enormous quantities of food each year. Infestation may occur even under ideal warehouse conditions; therefore, the State Agency must give continuous attention to proper storage procedures. The following USDA Commodities are susceptible to insect infestation:

- A. Dried beans and peas.
- B. Grain products (flour, cornmeal, rice, cereals, etc.).
- C. Dried fruits (prunes, raisins, apricots, etc.).
- D. Nonfat dry milk.

**7311 Sources of Insect Infestation**

The chief sources of infestation are:

- A. Live insect eggs or larva undetected in the product at the time of harvest.
- B. Cracks in floors and walls.
- C. Shipment of USDA Commodities in unclean rail cars or trucks.
- D. Unsanitary conditions such as spilled foods, dirt, or garbage in the warehouse.

**7312 Detecting Insect Infestation**

Methods of detecting infestation include:

- A. Inspections for infestation at frequent intervals and especially in warm weather. Adult insects are attracted to light and can be found around windows and window sills.
- B. Opening and examining boxes and bags for live larvae, webbing, moths, holes, or partly consumed foods.

**7313 Methods of Reducing and Eliminating Insect Infestation**

Following are storage practices which reduce or eliminate insect infestation:

- A. Good housekeeping practices eliminate areas where insects live.
- B. The most effective way of eliminating insects is by fumigation. Fumigation services should be rendered by a reputable licensed company on a regular basis at a minimum of at least once per month. Improper use of some fumigants may result in an explosion or fire, or in ill effects to food handlers from exposure to the chemicals used. Before contracting with a fumigating company, the firm should be required to show evidence of public liability, property and fire insurance, and workmen's compensation.
- C. USDA Commodities susceptible to infestation may be placed in a cooler or chilled storage space as a temporary means of reducing insect activity. This type of storage is highly recommended during the summer months when the temperature in dry storage areas cannot be controlled.

**7320 RODENT CONTROL**

Rodents destroy or render unfit for human consumption large quantities of food each year. Federal Food and Drug Administration Regulations prohibit the use of foods that have been contaminated by rodents. Because rodents are a menace to health by spreading disease, the State Agency shall take every precaution to protect USDA Commodities from rodents.

**7321 Sources of Rodent Infestation**

Rodents enter storage areas through open windows and doors, ventilation and drain pipes and by burrowing under floors. In some instances, rodents are carried into storage areas with containers of food.



**7322 Methods of Reducing or Eliminating Rodent Infestation**

The State Agency shall take the following steps to reduce or eliminate rodent infestation:

- A. Maintain good housekeeping practices. Rodents will not remain where food and shelter are not available.
- B. Seal and screen all extraneous building openings of one-fourth inch or larger.
- C. Screen fans and ventilation openings.
- D. Traps are the standard method for eradication, but in an area with heavy rodent infestation, a combination of trapping and poisoning may be used. If poisoning is used, it shall be done by a reputable licensed company.

**SECTION 4 - INVENTORY CONTROL****7400 INVENTORY CONTROL**

The State Agency shall keep accurate records of the amount of each USDA commodity in stock and of the quantities of each item moving in and out of storage.

**7410 PERPETUAL INVENTORY RECORD**

The State Agency shall maintain a perpetual inventory record for each USDA Commodity. If one kind of USDA Commodity is received in different size containers, a separate inventory record shall be maintained for each container size. The perpetual inventory records shall include the following information:

- A. USDA Commodity item.
- B. Unit size.
- C. Data received column.
- D. Amount received column.
- E. Date withdrawn column.
- F. Amount withdrawn column.
- G. Purpose for withdrawal.
- H. Balance on hand.

The State Agency shall provide a perpetual inventory record form which is acceptable to the appropriate FNS Regional Office. Perpetual inventory records may be automated at the discretion of the State Agency provided it is acceptable to the FNS Regional Office.

**7420 PERSON(S) DESIGNATED TO MAINTAIN INVENTORY RECORDS**

The State Agency or local agency shall designate one person to keep the inventory records. The State Agency shall also assign a backup person capable of maintaining the inventory records during any absence of the primary inventory keeper. The person(s) maintaining the inventory shall set aside a specific time for posting the entries daily.

**7430 INVENTORY CONTROL PROCEDURES**

The State or local agency shall date stamp or mark in pen the date received on the containers of USDA Commodities as they are placed in storage. This is an effective method to assure that the first-in, first-out (oldest stock used first) distribution procedure is followed. USDA

Commodity containers shall not be removed from cartons until they are to be distributed. The amount of each USDA Commodity received and placed in storage shall be added to the perpetual inventory records.

#### **7431 Maintaining a Supply**

The State Agency shall maintain a supply of available commodities sufficient for three month's distribution. Local agencies shall maintain a minimum of one and one-half month's supply of available commodities.

#### **7432 Withdrawal of USDA Commodities From Inventory**

The State or local agency shall inspect each USDA Commodity before releasing it for distribution to assure that it is in good condition. If a USDA Commodity item was processed on one or more different dates, the oldest item shall be removed from storage first (first-in, first-out). If the USDA Commodity is being removed from a central storage facility for shipment to a distribution center, the State Agency shall count the containers as they are removed and record the amount withdrawn on the perpetual inventory record.

#### **7440 PHYSICAL INVENTORY**

The State or local agency shall take a physical inventory of each USDA Commodity monthly, preferably after the distribution to eligible households, and record the quantities counted of each USDA Commodity item and the date the count was taken.

#### **7441 Reconciliation of Physical and Perpetual Inventories**

The State or local agency shall reconcile the physical inventory with the perpetual inventory and record any overage and shortages in each USDA Commodity item. The State Agency shall submit an FNS-152 report (see Exhibit G) which shall document the data obtained in the physical inventory with the perpetual inventory record. Any shortages valued at \$100.00 or more shall be reported to the appropriate FNS Regional Office (see Chapter IX, below).

#### **7442 Reconciliation of Issuances and Physical Inventory**

The State or local agency shall determine, at least monthly, the amounts of each commodity distributed totaling the recorded amounts of each of the issuance cards. The total amount of each commodity distributed shall be reconciled with the physical inventory and any overage and shortage recorded.

## **CHAPTER VIII DISTRIBUTION OF USDA COMMODITIES**

### **SECTION 1 - MANUAL DISTRIBUTION SYSTEM**

#### **8100 GENERAL**

An efficient and well managed distribution system is essential to the success of the Food Distribution Program. Three different types of distribution systems will be discussed in this chapter. The distribution system, or combination of distribution systems, that will be the most effective will depend upon several factors. After determining the specific needs of each reservation, the State Agency shall select the type(s) of distribution system(s) which will be used.

#### **8110 MANUAL DISTRIBUTION SYSTEM**

Under a Manual Distribution System, food packages are assembled by Food Distribution Staff working in the warehouse and distributed to the clients.

#### **8120 FOOD DISTRIBUTION CENTER SIZE**

The manual Food Distribution Center shall be large enough to allow the following equipment and facilities:

- A. Orderly stacking of USDA Commodities along one wall. (A full order of USDA Commodities for each program participant requires three cubic feet of space.)
- B. A private room for certification.
- C. Seating area for households that are waiting for certification or food.
- D. A long table or counter to place and package food orders.
- E. A desk for the distribution clerk.
- F. A table or desk for checkout.
- G. Nutrition education area.
- H. Public rest rooms.

#### **8130 FOOD DISTRIBUTION CENTER FACILITIES**

The State Agency shall provide distribution facilities which are equipped with a heating device to maintain comfortable temperatures for program participants and staff during cold weather and ventilation system to control temperature during the summer months. The certification area shall be a separate room or enclosure to assure privacy to the applicant or participant

being interviewed. The certification room should include a desk and a chair for the certification worker, file cabinets for certification records, and two or more chairs for household members. The waiting room/area must be neat and clean and contain sufficient seating to accommodate participants.

### **8131 Nutrition Education Area**

A nutrition education area shall be provided. This area shall be used for:

- A. Taste testing of USDA Commodities.
- B. Distributing materials to recipients about the care of USDA Commodities in the home.
- C. Distributing recipes that use USDA Commodities.
- D. Obtaining food preferences from participants.

### **8140 ROUTING OF PARTICIPANTS**

The distribution clerk shall have a desk located in front of the distribution table. The participant shall move through the distribution line as follows:

- A. The participant shall go directly to the distribution clerk and present identification or their food distribution identification card (see Exhibit W, attached).
- B. The food distribution clerk shall review the participant's issuance receipt card (see Exhibit X, attached) or automated invoice and determine if recertification is necessary.
- C. The distribution clerk may issue a numbered card to each participant to maintain an orderly and controlled distribution sequence.
- D. If the participant does not need to be recertified and is eligible to receive USDA Commodities, the distribution clerk shall:
  - 1. Inform the participant of the maximum amount of each food item and the choices of food items the household is entitled to receive.
  - 2. Based on the maximum amount of choices, accept the participant's selection types and amounts of each food item desired.
  - 3. Write in or enter into the computer the amounts of the USDA Commodity that were requested by the recipient on the issuance receipt card. Preposting of issuance cards is authorized providing adequate safeguards are outlined in the State Plan of Operation.
  - 4. Have the participant, or the issuance clerk, present the issuance receipt card to the food handlers while moving down the distribution line.

- E. Food handlers shall fill and package the order according to the requested amounts on the issuance receipt card.
- F. The food handler shall have the participant sign the issuance receipt card or automated invoice.

#### **8150 FOOD HANDLERS**

The distribution responsibilities of the food handlers shall include the following:

- A. The food handlers, in accordance with the issuance receipt card, shall place the desired amounts of USDA Commodities on the distribution table.
- B. When the food has been counted by the participant, the food handler shall determine if the amounts issued agree with the issuance receipt card or automated invoice.
- C. If the count is correct, the food handler packages the USDA Commodities in empty food cartons and places them at the end of the distribution table for pick-up by the participant.
- D. The food handler assures that the participant signs the issuance receipt card.

#### **8160 STACKING OF USDA COMMODITIES IN THE DISTRIBUTION CENTER**

The following stacking procedures shall be followed in the Distribution Center:

- A. USDA Commodities shall be stacked in the distribution center prior to the day of actual distribution.
- B. Each USDA Commodity item shall be stacked in individual rows and in the same sequence as shown on the issuance receipt card.
- C. USDA Commodities requiring refrigeration shall be placed in the distribution center in small quantities that can be distributed in less than thirty minutes.
- D. With the exception of USDA Commodities requiring refrigeration, several cases of each USDA Commodity shall be opened prior to distribution.

#### **8170 HOUSEKEEPING**

The State or local agency shall maintain the same housekeeping, rodent, insect control, and receiving procedures outlined in Chapter VII, above.

#### **8180 ASSISTANCE TO PROGRAM PARTICIPANTS**

The State Agency shall provide for staff or volunteers to assist participants who are unable to carry their USDA commodities from the distribution center to the vehicle.

**SECTION 2 - SELF-SERVICE DISTRIBUTION SYSTEM****8200 SELF-SERVICE DISTRIBUTION SYSTEM**

Under a Self-Service Distribution System, clients can take a grocery cart and select food package items they desire from the full array of donated food items available in inventory, similar to how they would shop in a commercial food store.

**8210 FOOD DISTRIBUTION CENTER SIZE**

The self-service distribution center shall be large enough to allow:

- A. Orderly stacking of USDA Commodities along one wall; (a full order of USDA Commodities for each program participant requires three cubic feet of space.)
- B. A private room for certification.
- C. Seating area for households that are waiting for food or certification.
- D. Nutrition education area.
- E. Public rest rooms.
- F. A desk for the distribution clerk.
- G. A checkout table.
- H. Storage area for approximately ten grocery carts.

**8220 FOOD DISTRIBUTION CENTER FACILITIES**

The State Agency shall provide distribution facilities which are equipped with a heating device to maintain comfortable temperature for program participants and staff during cold weather and a ventilation system to control temperature during the summer months. The certification area shall be a separate room or enclosure to assure privacy to the applicant or participant being interviewed. The certification room shall include a desk and chair for the certification workers, file cabinet for the certification records and two or more chairs for household members. The waiting room/area shall be neat and clean and contain sufficient seating to accommodate participants.

**8221 Nutrition Education Area**

A nutrition education area shall be provided within the distribution center. This area shall be used for:

- A. Taste testing of USDA Commodities.

- B. Distributing materials to participants about the care of USDA Commodities in the home.
- C. Distributing recipes that use USDA Commodities.
- D. Obtaining food preferences from participants.

### **8230 ROUTING OF PARTICIPANTS**

The distribution clerk shall have a desk located in front of the USDA Commodities. The participants shall move through the distribution line as follows:

- A. Participants shall go directly to the distribution clerk and present identification or their food distribution identification card (see Exhibit W).
- B. The distribution clerk shall review the participant's issuance receipt card (see Exhibit X) or automated invoice and determine if recertification is necessary.
- C. The participant shall be issued a numbered card to maintain an orderly and controlled distribution sequence.
- D. If the participant does not need to be recertified and is eligible to receive USDA Commodities, the distribution clerk shall:
  - 1. Inform the participant of the maximum amount of each food item and the choices of food items to which the household is entitled.
  - 2. Explain the distribution rate card (see Figure 8-1, below) to the participant.
  - 3. Explain all options to select USDA Commodities.
  - 4. Instruct the participant to use the grocery carts and select food in accordance with posted distribution rates.

**Figure 8-1**

**SAMPLE DISTRIBUTION RATE CARD**

<b>Family Size</b>	<b>Canned Vegetables</b>	<b>Frozen Ground Beef</b>	<b>Evaporated Milk</b>
1	9	3	8
2	18	6	16
3	27	9	24
4	36	12	32
5	45	15	40
6	54	18	48
7	63	21	56
8	72	24	64



**8240 AT THE CHECK-OUT TABLE**

The following activities shall take place at the check-out table:

- A. The participant shall remove all USDA Commodities from the grocery cart and place them on the checkout table.
- B. The food handler shall count the number of packages of each USDA Commodity and record the quantity on the issuance receipt card or automated invoice.
- C. The participant shall verify the count and sign the issuance receipt card.
- D. The food handler shall place the USDA Commodities in cartons, bags, or grocery carts. **8250**

**STACKING OF USDA COMMODITIES IN DISTRIBUTION CENTER**

The following stacking procedures shall be followed in the Distribution Center:

- A. USDA Commodities shall be stacked in the distribution center prior to the day of actual distribution.
- B. Each USDA Commodity shall be stacked in individual rows and in the same sequence as shown on the issuance receipt card.
- C. USDA Commodities requiring refrigeration shall be placed in the distribution center in small quantities that can be distributed in less than thirty minutes.
- D. With the exception of USDA Commodities requiring refrigeration, several cases of each USDA Commodity shall be opened prior to distribution.

**8260 HOUSEKEEPING**

The State or local agency shall maintain the same housekeeping, rodent, and insect control, and food receiving procedures outlined in Chapter VII, above.

**8270 ASSISTANCE TO PROGRAM PARTICIPANTS**

The State Agency shall provide for staff or volunteers to assist participants who are unable to carry their USDA Commodities from the distribution center to the vehicle.

**SECTION 3 - TAILGATE (MOBILE) DISTRIBUTION SYSTEM****8300 TAILGATE (MOBILE) DISTRIBUTION SYSTEM**

A tailgate (mobile) distribution system is an expensive method of distributing USDA Commodities and shall only be considered for use when the systems discussed in paragraphs 8100 and 8200, above, are not practical or do not provide sufficient service to the eligible household. Some of the expenses involved in tailgate distribution include the cost of a suitable truck and normal operating expenses for the vehicle such as fuel, repairs, tires, and insurance.

**8310 REASON FOR TAILGATE DISTRIBUTION**

The State Agency shall consider implementing tailgate distribution in the following situations:

- A. On large sparsely populated reservations where small communities are located long distances from the main distribution center.
- B. On reservations where recipients would not be able to obtain transportation to the main distribution center.

**8320 SEVERE WEATHER EXCEPTION**

On reservations where severe weather during the winter months would cause hardship for program participants, the State Agency shall not implement a tailgate distribution system unless adequate temporary shelter is present.

**8330 DESCRIPTION OF TAILGATE DISTRIBUTION SYSTEM**

In a Tailgate Distribution System, all functions are performed at the site(s) where the actual distribution takes place. Instead of clients coming to a distribution center to be qualified and receive their food packages, the distribution center goes to the clients. Clients can be certified and receive their food packages any place on the reservation. Orders for donated commodities are filled by Food Distribution Program staff.

**8340 TRUCK SIZE**

A full order of USDA Commodities for each program participant requires approximately six cubic feet of truck space for effective handling and distribution of the food.

**8350 STACKING OF USDA COMMODITIES IN THE TRUCK**

USDA Commodities shall be stacked in the following manner:

- A. Each food item shall be stacked in individual rows along the sides and front of the truck.
- B. Individual rows of food items shall be stacked in the same sequence as shown on the issuance receipt card.
- C. When the truck is moving from one distribution site to another the food shall be leveled to prevent any food damage.

**8360 FOOD DISTRIBUTION FACILITIES**

The State Agency shall provide a table and chair for the distribution clerk.

**8370 CERTIFICATION SERVICES**

The certification clerk shall be available at each distribution site to certify new recipients and for recertification. The interviewing of recipients for certification purposes shall be done in private. At tailgate distribution sites, certification may be done in an automobile.

**8380 ROUTING OF PARTICIPANTS**

The program participant shall move through the distribution process as follows:

- A. The participant shall present identification or their food distribution identification card (see Exhibit W) to the distribution clerk.
- B. The distribution clerk shall obtain the participants issuance receipt card (see Exhibit X) or automated invoice and determine if recertification is necessary.
- C. If recertification is not necessary, the distribution clerk shall inform the participant of the maximum amounts of each choices of food items to which the household is entitled.
- D. Based on the maximum amounts and choices, the participant shall inform the distribution clerk of the types and amounts of each food item desired.
- E. The distribution clerk shall write in the desired amounts of each food item on the issuance receipt card.
- F. The distribution clerk shall inform the food handlers of the amounts of each food item requested.
- G. The participant shall verify the count and sign the issuance receipt card.
- H. The food handlers shall fill and package the order.

- I. The distribution clerk shall inform the participant of the exact time and location of the next month's distribution.
- J. The participant shall pick up the food order from the tailgate of the truck.
- K. The State Agency shall provide for staff or volunteers to assist participants who are unable to carry their USDA Commodities from the distribution center to the vehicle.

### **8390 SCHEDULING OF TAILGATE DISTRIBUTION**

The State Agency shall schedule tailgate distribution to provide maximum service to program participants. Extra cases of USDA Commodities shall be carried in the truck to all distribution sites for new program participants who are certified on the day of distribution.

#### **8391 Distribution Times**

Food distribution personnel shall schedule tailgate distributions in such a manner that it will not require participants to wait long periods of time for the truck to arrive. This may involve scheduling no more than two tailgate distributions during any day.

#### **8392 Distribution Locations**

The location of tailgate distribution sites shall be:

- A. Near or in small communities so that participants may have easy access to the truck.
- B. Near chapter houses, community centers, or unused buildings so that participants may be protected in the event of poor weather conditions.

#### **8393 Notification to Participants**

The State Agency shall inform all program participants of the times and locations of tailgate distribution. In addition, the State Agency shall advise participants that if they cannot get to the scheduled distribution, they may pick up their USDA Commodities at the main distribution center or at another tailgate distribution site. Methods of notification of participants shall include:

- A. Informing participants of the distributions schedule at the time of certification.
- B. Post the locations and dates for distributions in chapter houses, community centers, churches, and other public places.
- C. Publicize the locations and dates of distributions in local newspapers or radio stations.

## **CHAPTER IX**

### **LOSS OF USDA COMMODITIES**

#### **SECTION 1 - STATE AGENCY RESPONSIBILITIES**

##### **9100 GENERAL**

The State Agency is responsible for all USDA Commodities it receives and therefore is accountable for any losses which may occur while in storage and during distribution. Instructions for reporting losses of donated foods are contained in FNS Instruction 410-1, Rev. 1, Non-Audit Claims - Food Distribution Program. USDA retains the authority to determine if a loss is due to fault or negligence on the part of the State or local agency. If such a determination is made, USDA may pursue a claim against a State distributing agency for the value of the loss. State distributing agencies are responsible for pursuing claims against local agencies.

##### **9110 LOSSES FROM STATE AGENCY WAREHOUSE AND/OR DISTRIBUTION FACILITIES**

If a USDA Commodity valued in excess of \$250.00 is lost to the program for any reason including infestation, age, theft, fire, etc., a written report shall be prepared by the State Agency and shall be forwarded to the appropriate FNS Regional office within 30 days of the discovery of the loss. The report shall contain the information indicated in paragraph 9300, below.

##### **9120 LOSSES FROM LOCAL AGENCY WAREHOUSE AND/OR DISTRIBUTION FACILITIES**

The State Agency shall require the local agency to report all losses of USDA Commodities and shall provide a form, acceptable to FNS, for that purpose.

##### **9121 State Agency Authority on Local Agency Losses**

The State Agency retains the authority to determine if fault or negligence contributed to local agency losses valued at \$2,500 or less. State Agency determinations shall be based on the facts reported (as indicated in paragraph 9300, below) and on the other facts known or observed by State personnel. State Agency claim action shall be documented with the reasons for the determination. Local agency losses of USDA Commodities valued in excess of \$2,500 shall be forwarded to the appropriate FNS Regional office immediately. In addition to the information indicated in paragraph 9300, below, the State Agency's report to the appropriate FNS Regional office shall include its recommendation as to the presence of fault or negligence in the local agency loss.

**SECTION 2 - LOCAL AGENCY RESPONSIBILITIES****9200 LOCAL AGENCY RESPONSIBILITIES**

The local agency shall receive, store and distribute USDA Commodities in accordance with applicable provisions in Chapters VI, VII, and VIII, above. If a USDA Commodity valued at \$25.00 is lost to the program for any reason, a written report shall be prepared and forwarded to the State Agency on the form provided for that purpose.

**SECTION 3 - LOSS REPORTING REQUIREMENTS****9300 LOSS REPORTING REQUIREMENTS**

All reports of losses of USDA Commodities shall include the following information:

- A. Name of USDA Commodity.
- B. Package date.
- C. Date of receipt.
- D. Location of the USDA Commodity at the time of the loss.
- E. Date of the discovery of the loss.
- F. Current inventory on hand of the item found to be out-of-condition.
- G. Apparent cause of the loss.
- H. Description of the condition of the USDA Commodity.
- I. General storage conditions -- i.e., temperature, pallet, sanitation, cool or dry storage, etc.
- J. Schedule, including dates, of extermination treatments, if applicable.
- K. Precautions against theft or fire, if applicable.
- L. Certificate of inspection by a health official.
- M. Copy of the local fire or police department's report, if applicable.
- N. Manner of disposal of the out-of-condition USDA Commodity.

**FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
PLAN OF OPERATION GUIDANCE**

A cover sheet should be attached to the Plan of Operation which identifies the State agency by name and address; effective Fiscal Year; authority citation; name and location of each reservation served; statement that the State Agency will abide by pertinent legislation, regulations, instructions, and FNS Handbook 501 (or other approved operating manual); and joint FNS and State agency signature blocks. A sample cover sheet is shown below.

**FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
Plan of Operation and Budget**

**State Agency:**

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Authority Citation:**

\_\_\_\_\_

**Reservation(s) Served**

**Location(s)**

The State agency responsible for program operations of the Food Distribution Program on Indian Reservations agrees to abide by all pertinent legislation, regulations, instructions, and FNS Handbook 501.

Submitted by:

Approved By:  
Food and Nutrition Service

\_\_\_\_\_  
JOHN DOE  
Chairman

\_\_\_\_\_  
JOHN SMITH  
Regional Administrator

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)



## **I SCOPE OF OPERATION**

**Required:** A detailed description of the geographic boundaries of the relevant areas to be served including tribal reservation land, near area(s), and urban place(s).

**Regulation cite:** 7 CFR 253.4(d)

**Guidance:** This section of the plan should include:

- A. Narrative description and maps of defined reservation boundaries;
- B. Narrative description and maps of near reservation area(s);
- C. Description of previously approved urban area(s) and dates of FNS approval, including name of city or town and population; and
- D. (Optional) Tribes which will be served in each defined area.

## **II STORAGE AND DISTRIBUTION**

**Required:** A detailed description of the manner in which commodities will be distributed, including, but not limited to, the storage and distribution facilities to be used.

**Regulation cite:** 7 CFR 253.5(a) (2)

**Guidance:** This section of the plan should include:

- A. Location of each storage facility;
- B. Floor and height dimensions of cold and dry storage areas;
- C. Description of type of each storage facility (i.e., commercial, tribal building, etc.);
- D. Procedures taken to ensure that the handling, storage, and distribution of foods are safeguarded against theft, spoilage, infestation, fire, and other losses;
- E. Frequency and estimated number of participants to be served at each distribution site;
- F. Type of distribution offered to participants at each distribution site (i.e., manual, over-the-counter, or tailgate);
- G. Procedures used to ensure issuance of commodities to households on a 1-day expedited basis for hardship cases; and
- H. Procedures for controlling disposition of damaged commodities (i.e., list of emergency contacts and telephone numbers).

### **III DUAL PARTICIPATION**

**Required:** A detailed description of the State agency's procedures for preventing simultaneous participation of households in both the Food Stamp Program and the Food Distribution Program on Indian reservations.

**Regulation cite:** 7 CFR 253.5(a) (2)

**Guidance:** This section of the plan should include:

- A. Procedures used to control simultaneous participation of households in the Food Stamp Program and other Food Distribution Program on Indian Reservations, including a list of offices contacted; and
- B. Procedures used to permit households to smoothly switch participation from the Food Stamp Program to the Food Distribution Program on Indian Reservations and vice versa.

### **IV FOOD PREFERENCES**

**Required:** A detailed description of the State agency's system used to determine food preferences of households.

**Regulation cite:** 7 CFR 253.5(a) (2)

**Guidance:** This section of the plan should include a description of methods used to collect food preferences from households, including the frequency of collection.

### **V NONDISCRIMINATION**

**Required:** A detailed description of the procedures for complying with the nondiscrimination requirements, and any applicable nondiscrimination requirements specified by the Department.

**Regulation cite:** 7 CFR 253.5(a) (2)

**Guidance:** This section of the plan should include:

- A. Description of procedures for handling civil rights complaints; and
- B. Location of nondiscrimination posters.

**VI PROGRAM MONITORING**

**Required:** A detailed description of the State agency's procedures for monitoring the program to ensure compliance with the regulations and guidance provided by FNS.

**Regulation cite:** 7 CFR 253.5(i)

**Guidance:** This section of the plan should include:

Procedures for detecting program deficiencies, including frequency of internal reviews;

- A. Procedures for documenting all program deficiencies found and related corrective action procedures;
- B. Description of procedures for handling program complaints; and
- C. Name and title of the fair hearing official.

**VI PROGRAM TRAINING**

**Required:** A detailed description of the State agency's procedures for training personnel involved in the Food Distribution Program on Indian Reservations activities.

**Regulation cite:** 7 CFR 253.5(f)

**Guidance:** This section should include:

- A. Procedures for detecting training needs; and
- B. Description of training sessions to be held.

**VIII STAFFING**

**Required:** A list of all employees, by job title, working on the Food Distribution Program on Indian Reservations.

**Regulation cite:** 7 CFR 253.5(c)

**Guidance:** This section of the plan should include:

- A. Description of organizational structure;
- B. Description of each employee's responsibilities, including staff persons responsible for conducting nutrition education; and

- C. Explanation of how a contract with an outside agency for any portion of program administration will work with staff.

#### **IX NUTRITION EDUCATION**

**Required:** A detailed description of the procedures used for making food and nutrition education information and materials available to participating households.

**Regulation cite:** 7 CFR 253.5(g)

**Guidance:** This section of the plan should include:

- A. Explanation of how participants will be informed of the commodity foods in the food package (i.e., visual aids, printed materials, home demonstrations, etc.); and
- B. Location and description of applicable posters and other materials.

#### **X FINANCIAL MANAGEMENT**

**Required:** Any State agency administering an ongoing Food Distribution Program on Indian Reservations which desires to receive administrative funds shall submit an SF-424, Application for Federal Assistance, and supporting narrative to the appropriate FNS regional office at least 3 months prior to the beginning of each Federal Fiscal Year. The budget information required in Part III of the application shall reflect by category of expenditures, the State agency's best estimate of the total amount to be expended in the administration of the Food Distribution Program on Indian Reservations during a Federal Fiscal Year.

**Regulation cite:** 7 CFR 253.9

**Guidance:** This section of the plan should include:

**A Budget**

- 1. All sources of funding for the program;
- 2. Categorization of State agency expenditures in Part III, Sections A and B of SF-424 by indicating the division of funds among the following categories: Certification; Storage and Distribution; Nutrition Education; and Other;
- 3. Indication of whether equipment expenses are for maintenance, rental fees, or new purchases;

4. Estimation of caseload for ongoing programs reflecting the program's 12-month average participation, as reported on Form FNS-152; and
5. A copy or detailed summary of the current indirect cost agreement.

**B. Narrative**

1. Description of procedures and controls in effect that ensure accounting records reflect the Fiscal Year authorized administrative funds;
2. Description of how the financial management system accommodates drawdowns on Letters of Credit; and
3. Description of the checks and balances used in making disbursements.

**XI. EXHIBITS**

Guidance: The exhibits to the Plan of Operation should include:

- A. A detailed list of all approved program forms including, complete title and FNS approval date of each form;
- B. Any new forms which need approval;
- C. Organizational charts;
- D. Reservation maps; and
- E. Memorandum(s) of understanding (If applicable).

FNS HANDBOOK 501  
EXHIBIT B

SAMPLE COPY OF FORM FNS-74

U.S. DEPARTMENT OF AGRICULTURE - Food and Nutrition Service  <b>FEDERAL-STATE AGREEMENT</b>	FORM APPROVED OMS #0684-0067  <b>FOR USE BY USDA</b>  AGREEMENT NO. _____  2. STATE _____  3. EFFECTIVE DATE _____
1. NAME OF STATE AGENCY _____	

In order to effectuate the purpose of the following statutes: the National School Lunch Act (NSLA), as amended (42 U.S.C. 1751 et seq.), the Child Nutrition Act of 1966 (CNA), as amended (7 U.S.C. 1771 et seq.), 32 of the Act of August 24, 1936, as amended (7 U.S.C. 612c), the Act of June 28, 1937, as amended (15 U.S.C. 713c), 1 and 2 of the Act of August 11, 1939, as amended (15 U.S.C. 713c-2 and 713c-3), 404 and 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1424 and 1431), 402 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1822), 205 and 210 of the Agricultural Act of 1956, as amended (7 U.S.C. 1855 and 1859), the Act of August 19, 1958, as amended (7 U.S.C. 1431 nt), 8 of the Act of September 8, 1958, as amended (7 U.S.C. 1431b), 201 of the Act of September 21, 1959, as amended (7 U.S.C. 1431c), the Act of September 13, 1960, as amended (7 U.S.C. 1431 nt), 205 of the Food and Agriculture Act of 1962, as amended (7 U.S.C. 1431b), 4(b) of the Food Stamp Act of 1977, as amended (7 U.S.C. 2014), 106 and 1114(a) of the Agriculture and Food Act of 1981, as amended (7 U.S.C. 1446c-1 and 1431a), the Emergency Food Assistance Act of 1983, as amended (7 U.S.C. 612c nt), the Commodity Distribution Reform Act and WIC Amendments of 1987, as amended (7 U.S.C. 612c nt), 110 of the Hunger Prevention Act of 1988, as amended (7 U.S.C. 612c nt), 412 and 413 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, as amended (42 U.S.C. 5179 and 5180), 709 of the Food and Agriculture Act of 1985, as amended (7 U.S.C. 1446a-1), 311 of the Older American Act of 1985, as amended (42 U.S.C. 3030a), and 4 and 5 of the Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c nt), the United States Department of Agriculture, herein referred to as the "Department" and the State agency (item 1 above) agree as follows:

The Department agrees that to the extent of funds available to the Department, as appropriated by the Congress, to reimburse the State agency for the programs operated by it, as designated below, in accordance with whichever of the following regulations are applicable to such programs: National School Lunch Program (7 CFR Part 210), Special Milk Program for Children (7 CFR Part 215), School Breakfast Program (7 CFR Part 220), Summer Food Service Program for Children (7 CFR part 205), Child and Adult Care Food Program (7 CFR Part 226), Nutrition Education and Training Program (7 CFR Part 227), and any amendments thereto. The Department agrees further to make funds available for State Administrative expenses in conducting certain of such programs, in such amounts

as are authorized in approved applications in accordance with State Administrative Expense Funds (7 CFR Part 235), and any amendments thereto and to make payments, where applicable, in accordance with Cash in Lieu of Donated Foods (7 CFR 240), and any amendments thereto; and/or to donate foods, to the designated Distributing Agency in accordance with Donation of Foods for Use in the United States, its Territories and Possessions and Areas under its Jurisdiction (7 CFR Part 250), Commodity Supplemental Food (7 CFR Part 247), Administration of the Food Distribution Program to Households on Indian Reservations (7 CFR Part 253), and Administration of the Food Distribution Program for Indian Households in Oklahoma (7 CFR Part 254), and any amendments thereto.

The State agency agrees to accept Federal funds for expenditure and/or donated foods for distribution in accordance with the applicable regulations and any amendments thereto, and to comply with all the provisions thereof, and with any instructions or procedures issued in connection therewith. State agency further agrees to administer programs funded under this Agreement in accordance with provisions of the Uniform Federal Assistance (7 CFR Part 3015), or the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (7 CFR Part 3016), as applicable.

Copies of the applicable current regulations are attached hereto and made a part hereof. In the event of a proposed amendment of any applicable regulations, if the State agency gives to the Department, prior to the effective date of the amendment, written notice of its determination to discontinue operation of any program conducted thereunder, or of activities for which administrative expenses are available, this Agreement shall be terminated as to such program or activities as the effective date of the amendment. The State agency agrees that it will be responsible for the operation of the following programs: (Place "X" in applicable boxes) to designate the program(s).

	National School Lunch Program	School Breakfast Program	Special Milk Program	Commodity Schools	Child & Adult Care Food Program	Summer Food Service Program	Nutrition Educ. & Training Program	Food Distribution Programs
Public Schools								
Private Schools								
Public Residential Child Care Institutions								
Private Residential Child Care Institutions								
Nonresidential Child Care Institutions								
Nonresidential Adult Care Institutions								
Service institutions (including Camps)								
Charitable institutions								
Commodity Supplemental Food Program								
Food Distribution Prg on Indian Reservations								
Needy Family Program in Trust Territory								
The Emergency Food Assistance Program								
Nutrition Program for the Elderly								
Nonprofit Summer Camps for Children								
Other (Describe)								

## FNS HANDBOOK 501 EXHIBIT B

This Agreement shall be effective commencing on the date specified (item 3 above) and ending one year thereafter, unless terminated earlier as provided herein. Either party hereto may, by giving at least 30 days' written notice, terminate this Agreement. The Department may renew this Agreement each year thereafter, by notice in writing given to the State agency as soon as practicable after funds have been appropriated by Congress for carrying out any of the purposes of the NSLA and of the CNA of 1966 and other applicable legislation during each year. Renewal of the Agreement, however, shall be contingent on an acknowledgment by the State agency, in writing, of its intention to continue program participation in accordance with the provisions set forth in the Agreement. The State agency's participation in any program covered in this Agreement may be terminated in accordance with the grant closeout procedures found in 7 CFR Part 3015, Subpart N, or 7 CFR Part 3016, Subpart D, as applicable.

Upon termination or expiration of this Agreement, as provided herein,

State agency shall: (1) make no further disbursement of funds paid to the State agency in accordance with the Agreement, except to reimburse eligible participants in connection with breakfasts, lunches, suppers, supplemental meals, or milk served, or to meet State administrative expenses incurred on or prior to the termination or expiration date, notwithstanding any termination or expiration of this Agreement; and the State agency shall promptly return all remaining funds made available to it by the Department; and (2) dispose of an undistributed donated foods in accordance with the Department's instructions. The obligations of the State agency under the above cited regulations shall continue until the requirements thereof have been fully performed. For the Nutrition Education and Training Program, the State agency shall make no further disbursement of funds paid to it in accordance with this Agreement, except to reimburse those approved costs incurred on or prior to the termination or expiration date in the operation of the Nutrition Education and Training Program and promptly return all remaining unobligated funds made available to it by the Department.

### ASSURANCE OF CIVIL RIGHTS COMPLIANCE

The State agency hereby agrees that it will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), all provisions required by the implementing regulations of the Department of Agriculture: Department of Justice Enforcement Guidelines; and FCS directives and guidelines to the effect that no person shall, on the ground of race, color, national origin, age, sex, or disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity for which the agency receives Federal financial assistance from FCS; and hereby gives assurance that it will immediately take measure necessary to effectuate this Agreement.

By providing this assurance, the State agency agrees to compile data, maintain records and submit reports as required, to permit effective enforcement of the nondiscrimination laws, and permit Department personnel during normal working hours to review which records, books and accounts as needed to ascertain compliance with the nondiscrimination laws. If there are any violations of this assurance, the Department of Agriculture shall have the right to seek judicial enforcement of this assurance.

This assurance is given in consideration of, and for the purpose of, obtaining any and all Federal financial assistance, grants and loans of Federal funds, reimbursable expenditures, grant or donation of Federal property and interest in property, the detail of Federal personnel, the safe and lease of, and the permission to use, Federal property or interest in such property or the furnishing of services without consideration or at nominal consideration, or at a consideration which is reduced for the purpose of assisting the recipient, or in recognition of the public interest to be served by such sale, lease, or furnishing of services to the recipient, or any improvements made with Federal financial assistance extended to the State agency by the Department. This includes any Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance such as food, cash assistance for the purchase of food, or any other financial assistance extended in reliance on the representations and agreements made in this assurance.

This assurance is binding on the State agency, its successors, transferees, and assignees as long as it receives assistance or retains possession of any assistance from the Department. The persons whose signatures appear below are authorized to sign this assurance on the behalf of the State agency.

### EQUAL EMPLOYMENT OPPORTUNITY CLAUSE

During the performance of this Agreement insofar as it relates to State administrative expenses, the State agency agrees that: (1) the State agency will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, disability, or national origin. The State agency will take affirmative action to assure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, disability, or national origin. Such action shall include, but not be limited to the following employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The State agency agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Department setting forth the provisions of this nondiscrimination clause; (2) the State agency will in all solicitations or advertisements for employees placed by or on behalf of the State agency, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, disability, or national origin; (3) the State agency will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the Department, advising the labor union or workers' representative of the State agency's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the State agency will comply with all provisions of Executive Order No. 11246 of

September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor; (5) the State agency will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Department and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders; (6) in the event of the State agency's non-compliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations, or orders, this Agreement as it relates to State administrative expenses may be cancelled, terminated or suspended in whole or in part, and the State agency may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order of the Secretary of Labor, or as otherwise provided by law; and (7) the State agency will include the provisions of items (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The State agency will take such action with respect to any subcontract or purchase order as the Department may direct as a means of enforcing such provisions, including actions for noncompliance, provided, however, that in the event the State agency becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such

FNS HANDBOOK 501  
EXHIBIT B

direction by the Department, the State agency may request the United States to enter into such litigation to protect the interest of the United States.

Under applicable regulations the Equal Employment Opportunity clause is not applicable to any agency of the State which does not participate in work on or under this Agreement insofar as it relates to State administrative expenses.

**MEMBER - DELEGATE CLAUSE**

No Member of or Delegate to Congress or Resident Commissioner, shall be admitted to any share or part of this Agreement or to any benefit that may arise

therefrom; but his provision shall not be construed to extend to this Agreement if made with a corporation for its general benefit.

**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

Pursuant to the Drug-Free Workplace Act of 1988, Public Law 100-690, Title V, Subtitle D; and 7 CFR

Part 3017, Subpart F, the State Agency hereby agrees that it will provide a drug-free workplace: (Check One.).

☐ In accordance with the current annual single State/State agency drug-free workplace certification statement that is on file with the U.S. Department of Agriculture.

☐ In accordance with the drug-free workplace certification statement that is appended to this agreement.

**CERTIFICATION REGARDING LOBBYING**

The State Agency has executed and attached to the agreement the required certification regarding lobbying and, if applicable, the Standard Form - LLL, "Disclosure of Lobbying Activities."


FORM FNS-74 (9-88) Previous Editions Obsolete

Electronic Form Version Designed in JetForm 5.01 Version

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. This valid OMB control number for this information collection is 0584-0067. The time required to complete this information collection is estimated to average 16 minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection.



SAMPLE COPY OF FORM AD-1049

U.S. DEPARTMENT OF AGRICULTURE

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**CERTIFICATION REGARDING  
DRUG-FREE WORKPLACE REQUIREMENTS (GRANTS)  
ALTERNATIVE I - FOR GRANTEEES OTHER THAN INDIVIDUALS**

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This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), 7 CFR Part 3017, Subpart F, Section 3017.600, Purpose. The January 31, 1989, regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

**(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON PAGE 3)**

**Alternative I**

- A. The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing an ongoing drug-free awareness program to inform employees about --
    - (1) The dangers of drug abuse in the workplace;
    - (2) The grantee's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
  - (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position

Form AD-1049 (REV 5/90)

title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant:

- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted -
- (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, State, zip code)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Check ☐ if there are workplaces on file that are not identified here.

_____ Organization Name	_____ Award Number or Project Name
_____ Name and Title of Authorized Representative	
_____ Signature	_____ Date

Form AD-1049 (REV 5/90)

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this form, the grantee is providing the certification set out on pages 1 and 2.
2. The certification set out on pages 1 and 2 is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

SAMPLE COPY OF SF-269

FINANCIAL STATUS REPORT

(Long Form)

(Follow instructions on the back.)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned By Federal Agency		OMB Approval No. 0348-0039	Page 1	of 1
3. Recipient Organization (Name and complete address, including ZIP code)						
4. Employer Identification Number		5. Recipient Account Number or Identifying Number		6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No		7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Actual
8. Funding/Grant Period (See instructions) From (Month, Day, Year)		To (Month, Day, Year)		9. Period Covered by this Report From (Month, Day, Year)		To (Month, Day, Year)
10. Transactions		Previously Reported		This Period		II Cumulative
a. Total outlays						
b. Refunds, rebates, etc.						
c. Program income used in accordance with the deduction alternative						
d. Net outlays (Line a, less the sum of lines b and c)						
Recipient's share of net outlays, consisting of:						
e. Third party (in-kind) contributions						
f. Other Federal awards authorized to be used to match the award						
g. Program income used in accordance with the matching or cost sharing alternative						
h. All other recipient outlays not shown on lines e, f, or g						
i. Total recipient share of net outlays (Sum of lines e, f, g, and h)						
j. Federal share of net outlays (line d less line i)						
k. Total unliquidated obligations						
l. Recipient's share of unliquidated obligations						
m. Federal share of unliquidated obligations						
n. Total federal share (sum of lines j and m)						
o. Total federal funds authorized for this funding period						
p. Unobligated balance of federal funds (Line o minus line n)						
Program income, consisting of:						
q. Disbursed program income shown on lines c and/or g above						
r. Disbursed program income using the addition alternative						
s. Undisbursed program income						
t. Total program income realized (Sum of lines q, r and s)						
11. Indirect Expenses		a. Type of Rate (Place "X" in appropriate box) <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed				
		b. Rate		c. Base	d. Total Amount	e. Federal Share
12. Remarks. Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing regulation.						
13. Certification. I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.						
Typed or Printed Name and Title				Telephone (Area code, number and extension)		
Signature of Authorized Certifying Officer				Date Report Submitted		

Previous Editions not Usable

Standard Form 269 (REV 4-85)  
Prescribed by GSA Circulars A-102 and A-110

# FNS HANDBOOK 501 EXHIBIT C

## FINANCIAL STATUS REPORT (Long Form)

Please type or print legibly. The following general instructions explain how to use the form itself. You may need additional information to complete certain items correctly, or to decide whether a specific item is applicable to this award. Usually, such information will be found in the Federal agency's grant regulations or in the terms and conditions of the award (e.g., how to calculate the Federal share, the permissible uses of program income, the value of in-kind contributions, etc.). You may also contact the Federal agency directly.

Item	Entry
1, 2 and 3. Self-explanatory.	10b. Enter any receipts related to outlays reported on the form that are being treated as a reduction of expenditure rather than income, and were not already netted out of the amount shown as outlays on line 10a.
4. Enter the employer identification number assigned by the U.S. Internal Revenue Service.	10c. Enter the amount of program income that was used in accordance with the deduction alternative.
5. Space reserved for an account number or other identifying number assigned by the recipient.	Note: Program income used in accordance with other alternatives is entered on lines q, r, and s. Recipients reporting on a cash basis should enter the amount of cash income received. On an accrual basis, enter the program income earned. Program income may or may not have been included in an application budget and/or a budget on the award document. If actual income is from a different source or is significantly different in amount, attach an explanation or use the remarks section.
6. Check yes only if this is the last report for the period shown in item 8.	10d, e, f, g, h, i and j. Self-explanatory.
7. Self-explanatory.	10k. Enter the total amount of unliquidated obligations, including unliquidated obligations to subgrantees and contractors.  Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an outlay has not yet been recorded.  Do not include any amounts on line 10k that have been included on lines 10a and 10j. On the final report, line 10k must be zero.
8. Unless you have received other instructions from the awarding agency, enter the beginning and ending dates of the current funding period. If this is a multi-year program, the Federal agency might require cumulative reporting through consecutive funding periods. In that case, enter the beginning and ending dates of the grant period, and in the rest of these instructions, substitute the term "grant period" for "funding period."	10l. Self-explanatory.
9. Self-explanatory.	10m. On the final report, line 10m must also be zero.
10. The purpose of columns I, II and III is to show the effect of this reporting period's transactions on cumulative financial status. The amounts entered in column I will normally be the same as those in column III of the previous report in the same funding period. If this is the first or only report of the funding period, leave columns I and II blank. If you need to adjust amounts entered on previous reports, footnote the column I entry on this report and attach an explanation.	10n. o, p, q, r, s and t. Self-explanatory.
10a. Enter total gross program outlays. Include disbursements of cash realized as program income if that income will also be shown on lines 10c or 10g. Do not include program income that will be shown on lines 10r or 10s.  For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase or decrease in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subgrantees and other payees, and other amounts becoming owed under programs for which no current services or performances are required, such as annuities, insurance claims, and other benefit payments.	11a. Self-explanatory.
	11b. Enter the indirect cost rate in effect during the reporting period.
	11c. Enter the amount of the base against which the rate was applied.
	11d. Enter the total amount of indirect costs charged during the report period.
	11e. Enter the Federal share of the amount in 11d.
	Note: If more than one rate was in effect during the period shown in item 8, attach a schedule showing the bases against which the different rates were applied, the respective rates, the calendar periods they were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

FNS HANDBOOK 501  
EXHIBIT C-1

SAMPLE COPY OF SF-269A

**FINANCIAL STATUS REPORT**

(Short Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned By Federal Agency		OMB Approval No. <b>0348-0039</b>	Page	of pages
3. Recipient Organization (Name and complete address, including ZIP code)						
4. Employer Identification Number		5. Recipient Account Number or Identifying Number		6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No		7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
8. Funding/Grant Period (See Instructions) From: (Month, Day, Year)		To: (Month, Day, Year)		9. Period Covered by this Report From: (Month, Day, Year)		To: (Month, Day, Year)
10. Transactions:				I Previously Reported	II This Period	III Cumulative
a. Total outlays						
b. Recipient share of outlays						
c. Federal share of outlays						
d. Total unliquidated obligations						
e. Recipient share of unliquidated obligations						
f. Federal share of unliquidated obligations						
g. Total Federal share (Sum of lines c and f)						
h. Total Federal funds authorized for this funding period						
i. Unobligated balance of Federal funds (Line h minus line g)						
11. Indirect Expense	a. Type of Rate (Place "X" in appropriate box) <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed					
	b. Rate		c. Base		d. Total Amount	
e. Federal Share						
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation						
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.						
Typed or Printed Name and Title					Telephone (Area code, number and extension)	
Signature of Authorized Certifying Official					Date Report Submitted	

**FINANCIAL STATUS REPORT**

(Short Form)

Please type or print legibly. The following general instructions explain how to use the form itself. You may need additional information to complete certain items correctly, or to decide whether a specific item is applicable to this award. Usually, such information will be found in the Federal agency's grant regulations or in the terms and conditions of the award. You may also contact the Federal agency directly.

Item	Entry	Item	Entry
1, 2 and 3.	Self-explanatory.		
4.	Enter the employer identification number assigned by the U.S. Internal Revenue Service.		contributions applied, and the net increase or decrease in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subgrantees and other payees, and other amounts becoming owed under programs for which no current services or performances are required, such as annuities, insurance claims, and other benefit payments.
5.	Space reserved for an account number or other identifying number assigned by the recipient.		
6.	Check yes only if this is the last report for the period shown in item 8.		
7.	Self-explanatory.	10b.	Self-explanatory.
8.	Unless you have received other instructions from the awarding agency, enter the beginning and ending dates of the current funding period. If this is a multi-year program, the Federal agency might require cumulative reporting through consecutive funding periods. In that case, enter the beginning and ending dates of the grant period, and in the rest of these instructions, substitute the term "grant period" for "funding period."	10c.	Self-explanatory.
9.	Self-explanatory.	10d.	Enter the amount of unliquidated obligations, including unliquidated obligations to subgrantees and contractors.  Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an outlay has not yet been recorded.  Do not include any amounts on line 10d that have been included on lines 10a, b or c.  On the final report, line 10d must be zero.
10.	The purpose of columns I, II and III is to show the effect of this reporting period's transactions on cumulative financial status. The amounts entered in column I will normally be the same as those in column III of the previous report in the same funding period. If this is the first or only report of the funding period, leave columns I and II blank. If you need to adjust amounts entered on previous reports, footnote the column I entry on this report and attach an explanation.	10e, f, g, h and i.	Self-explanatory.
10a.	Enter total program outlays less any rebates, refunds, or other credits. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to sub-recipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions	11a.	Self-explanatory.
		11b.	Enter the indirect cost rate in effect during the reporting period.
		11c.	Enter the amount of the base against which the rate was applied.
		11d.	Enter the total amount of indirect costs charged during the report period.
		11e.	Enter the Federal share of the amount in 11d.
		Note:	If more than one rate was in effect during the period shown in item 8, attach a schedule showing the bases against which the different rates were applied, the respective rates, the calendar periods they were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

FNS HANDBOOK 501  
EXHIBIT D

**(RESERVED)**



SAMPLE COPY OF FORM FNS-101

FORM APPROVED OMB NO. 0584-0025

U.S. DEPARTMENT OF AGRICULTURE - FOOD AND NUTRITION SERVICE

**PARTICIPATION IN FOOD PROGRAMS - BY RACE**

FNS Instruction 113-1

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-0025. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

1. STATE/ITO	2. PROGRAM ("X" one only). Use separate form for each program. <input type="checkbox"/> FOOD STAMP <input type="checkbox"/> FDIPIR	3A. NAME OF PROJECT AREA	4. NAME & ADDRESS OF REPORTING WELFARE AGENCY OR DISTRIBUTING AGENCY				
5. REPORTING YEAR July _____		3B. PROJECT AREA CODE					
	AMERICAN INDIAN OR ALASKA NATIVE	ASIAN	BLACK OR AFRICAN AMER	NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER	WHITE	MORE THAN ONE RACE	TOTAL (See Note Below)
6. NO. OF HOUSEHOLD CONTACTS PARTICI- PATING BY RACE							
7. NO. OF HISPANIC OR LATINO HH CONTACTS BY RACE							

NOTE: Total number of participating household contacts in item 6 should agree with the data reported on the respective monthly report (July) submitted for the Food Stamp Program (Form FNS-388A) or the Food Distribution Program on Indian Reservations (Form FNS-152).

8. REMARKS

DATE	TITLE	SIGNATURE
------	-------	-----------

FORM FNS-101 (9-98) Previous edition obsolete  
Electronic Form Version Designed in JetForm 5.01

ORIGINAL - FNS Regional Office

No further monies or other benefits may be paid out under these programs unless this report is completed and filed as authorized by existing law (Title VI of the Civil Rights Act of 1964).

SIDE 2

**INSTRUCTIONS**

This report will be prepared annually covering the month of July.

**REPORTING UNITS** - Send the original and one copy to reach the State Agency as soon as possible, but no later than the 20th of August.

**STATE AGENCIES AND INDIAN TRIBAL ORGANIZATIONS (ITOs)** - shall determine that reports have been received from all reporting units. The original copy shall be forwarded to the appropriate FNS Regional Office to reach that office as soon as possible, but no later than the 19th of September.

**REGIONAL OFFICES** - shall determine that reports have been received from all State Agencies, Indian Tribal Organizations, and reporting units. The regional office shall enter all local agency information into FSPIIS and SNPIIS databases by the 20th of November.

Items 1 thru 5 and 8 - self explanatory.

**Item 6** - A household contact is the person who completes the application or is interviewed. Report for only one household contact per participating household. Report for each racial group the number of household contacts that participated (received coupon benefits or commodities) during July and that selected one race. Report the number of household contacts that participated in July and that reported they are more than one race in the "More Than One Race" block.

**Item 7** - Using the same racial categories from item 6, in item 7 blocks, report for each racial group the number of household (HH) contacts who participated in July who are Hispanic or Latino.



**FNS HANDBOOK 501  
EXHIBIT F**

**INSTRUCTIONS**

**SUBMISSION:** Forward the original of this document to the appropriate Food and Nutrition Service (FNS) Regional Office no later than 30 calendar days following the last day of the month being reported.

USDA commodities shipped to the States for the Commodity Supplemental Food Program (CSFP) and the Food Distribution Program on Indian Reservations (FDPIR) shall not be included on this form. State Distributing Agencies (DA) receiving CSFP and/or FDPIR commodities should reflect these inventories of the FNS-153 and FNS-152 respectively.

**REPORT IDENTIFICATION:** Enter the State DA name, the DA code, report month, and calendar year if the individual State submission requires more than one page, this data need be provided only on the first page of the submission.

**PURPOSE**

The FNS-155 captures by type, commodities physically warehoused in any State-operated or State-contracted storage facility that exceeds a cumulative 6 month inventory. Commodities remaining in these warehouses at the end of the report month shall be counted as State inventory until such commodities are distributed to recipient and/or sub-distributing agencies.

**EXCESS 6-MONTH COMPUTATION:** To identify excess inventories, by type of commodity, divide the accumulated State inventory balance at the end of the report month by the average quantity of that commodity distributed to the recipient and/or sub-distributing agencies during a typical month.

**COLUMN:**

1. **USDA COMMODITY CODE:** Enter the four-digit FNS commodity code, and short title.
2. **QUANTITY-CASES:** Using the above computation process, by commodity type, enter the cumulative number of cases that exceed a 6-month level.
3. **DISPOSITION/COMMENTS:** If applicable, for this type of commodity, identify and single warehouse facility storing over a 6 month inventory. Indicate the distribution plan that has been devised to ensure the inventory level is diminished in a timely manner. States may also indicate justifications for instances where more than a six month inventory is needed.
4. **NO EXCESS INVENTORIES:** Check the appropriate box to indicate whether or not there exists an excess inventory of commodities for the report month.
5. **TEFAP HOUSEHOLD PARTICIPATION:** Those SDAs responsible for TEFAP distributions should enter the total cumulative number of households receiving USDA commodities under TEFAP during the quarter. (Circle the first month of the quarter for which data are being reported.) States are given 60 days after the end of the quarter to report quarterly TEFAP participation data First quarter data (October, November, December) should be reported on the January FNS-155 report, which is due by the end of February; second quarter data should be reported on the April FNS-155 report, which is due by the end of May; third quarter data should be reported on the July FNS-155 report, which is due by the end of August; and fourth quarter data should be reported on the October FNS-155 report, which is due by the end of November.
6. **TITLE:** Enter the approving official's title and signature.
7. **DATE:** Enter the date the report is signed.

SAMPLE COPY OF FORM FNS-152

FORM APPROVED ONE NO. 0884-0233

U.S. DEPARTMENT OF AGRICULTURE FOOD AND CONSUMER SERVICE				MONTHLY DISTRIBUTION OF DONATED FOODS TO FAMILY UNITS				Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AO Box 7630, Washington, D.C. 20260.							
1. HOUSEHOLDS CERTIFIED				3. NUMBER OF PARTICIPANTS				5. NAME OF SDA/ITO				6. DA CODE			
2. HOUSEHOLDS PARTICIPATING				4. STATE				7. REPORT MONTH				14. DATE			
8. USDA COMMODITY		9. RECEIPTS		10. WITHDRAWALS		11. INVENTORY		12. SIGNATURE OF APPROVING OFFICIAL		13. TITLE		14. DATE			
LINE NO.	COMMODITY	REPORTING UNIT	AMOUNT ON HAND FIRST OF MONTH	AMOUNT RECEIVED	AMOUNT REDONATED IN	TOTAL AVAILABLE MONTH (9a) + (9b) + (9c)	AMOUNT ISSUED	AMOUNT RECEIVED OUT	AMOUNT WITHDRAWN FOR EDUCATION	FOOD LOSS	TOTAL WITHDRAWALS (10a) + (10b) + (10c)	BOOK INVENTORY FIRST OF MONTH (9d) - (10a)	PHYSICAL INVENTORY FIRST OF MONTH (11a) - (11b)	ADJUST - POSITIVE / NEGATIVE (11a) - (11b)	
1	BEANS GREEN 300	A059 #300 can												1	
2	BEANS GREEN 303	A060 #303 can												2	
3	BEANS VEG. 300	A090 #300 can												3	
4	CARROTS	A095 #303 can												4	
5	CARROTS 300	A098 #300 can												5	
6	CORN KERNEL 300	A119 #300 can												6	
7	CORN CREAM	A120 #303 can												7	
8	CORN KERNEL	A121 #303 can												8	
9	CORN CREAM 300	A122 #300 can												9	
10														10	
11														11	
12	LENTILS	A135 2# pkg												12	
13	PEAS 300	A144 #300 can												13	
14	PEAS 303	A145 #303 can												14	
15	PUMPKIN	A163 #303 can												15	
16	PUMPKIN 300	A164 #300 can												16	

I certify that this report is true and correct to the best of my knowledge and belief.

REMARKS

FNS HANDBOOK 501  
EXHIBIT G

FORM APPROVED OMB NO. 0584-0283

REPORT MONTH

DA CODE

5/14/10

8. USDA COMMODITY				9. RECEIPTS			10. WITHDRAWALS				11. INVENTORY				
LINE NO	COMMODITY	CODE	REPORTING UNIT	AMOUNT ON HAND FIRST OF MONTH (9a)	AMOUNT RECEIVED (9b)	AMOUNT REDONATED IN (9c)	TOTAL AVAILABLE LAST OF MONTH (9a) + (9b) + (9c) (9d)	AMOUNT ISSUED (10a)	AMOUNT REDONATED OUT (10b)	AMOUNT USED FOR EDUCATION (10c)	FOOD LOSS (10d)	TOTAL MONTHLY DRAWALS (10a) + (10b) + (10c) + (10d) (10e)	BOOK INVENTORY END OF MONTH (11a)	PHYSICAL INVENTORY END OF MONTH (11b)	ADJUST- POSITIVE (11a) - (11b) (11c)
17	SPINACH	A168	24/303 can												
18	SPINACH 300	A167	24/300 can												
19	POTATOES 303	A169	24/300 303												
20	POTATOES SLC 300	A170	24/300 can												
21	POTATOES DEHY 12	A196	12/1 # pkg												
22															
23	SWT POTATOES 303	A221	24/303 can												
24	SWT POTATOES 300	A223	24/300 can												
25	TOMATOES 300	A240	24/300 can												
26	TOM SAUCE 300	A244	24/300-303												
27	TOMATOES 303	A248	24/303 can												
28	SYRUP P	A251	12/24 oz												
29	SYRUP P 12/24	A258	12/24 oz												
30															
31	GRAPEFRUIT J	A280	12/46 oz												
32	APPLE J	A282	12/46 oz												
33	GRAPE J	A285	12/46 oz												
34	PINEAPPLE J	A286	12/46 oz												
35	TOMATO J	A290	12/46 oz												
36	ORANGE J	A300	12/46 oz												
37															
38	APPLESAUCE 303	A355	24/303 can												
39	F COCKTAIL 303	A401	24/303 can												
40	F COCKTAIL 300	A403	24/300 can												
41	PEACHES CLO 300	A411	24/300 can												
42	PEACHES CLO 303	A412	24/303 can												
43															
44															

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FORM FCS-182 (8-84) Previous editions obsolete

FNS HANDBOOK 501  
EXHIBIT G

FORM APPROVED OMB NO. 0584-0291

8. USDA COMMODITY		9. RECEIPTS		10. WITHDRAWALS			11. INVENTORY		ADJUST- MENTS POSITIVE/ NEGATIVE (11a - 11b)	
COMMODITY	CODE	REPORTING UNIT	AMOUNT RECEIVED FIRST OF MONTH	AMOUNT RECEIVED DURING MONTH (9a) + (9b) = (9c)	AMOUNT RECEIVED OUT (10a)	AMOUNT WITHDRAWN EDUCATION (10c)	FOOD LOSS (10d)	TOTAL WITHDRAWALS (10c) + (10d) (10e)		
45	PEARS 300	A437	24/1#300 ctn							
46	PEARS 303	A439	24/1#303 ctn							
47	PEARLE 2	A446	24/1#2 ctn							
48	PLUMS 303	A461	24/1#303 ctn							
49										
50										
51										
52	PEAS 24	A476	24/1 lb							
53	PEAS 1	A480	24/1 lb							
54	PEAS 24	A489	24/1 lb							
55										
56										
57	PEAS 48	A502	48/1 ctn							
58										
59										
60	CARROTS 5	F111	10/5 lb							
61	CARROTS 1	F113	48/1 lb							
62	CARROTS 3	F120	16/3 lb							
63	POTATOES RUS BN	F130	200/5 lb							
64	POTATOES RUS 5	F131	8/5 lb							
65	POTATOES RED	F140	16/3 lb							
66	SQUASH YEL	F151	1/24 lb							
67	TURNS 3	F171	16/3 lb							
68	APPLES FRESH	F511	8/5 lb							
69	GRAPEFRUIT 5	F521	8/5 lb							
70	ORANGE FRESH	F530	8/5 lb							
71										
72										

Electronic Form Version Designed in E-form 2.3 Version

FORM FCS-182 (8-98) Previous editions obsolete.

FNS HANDBOOK 501  
EXHIBIT G

FORM APPROVED OMB NO. 0584-0232

REPORT MONTH

DA CODE

SUBMIT

8. USDA COMMODITY		9. RECEIPTS			10. WITHDRAWALS			11. INVENTORY							
LINE NO.	COMMODITY	CODE	REPORTING UNIT	AMOUNT ON HAND FIRST OF MONTH (9a)	AMOUNT RECEIVED (9b)	AMOUNT REDONATED IN (9c)	TOTAL AVAILABLE MONTH (9a) + (9b) + (9c) = (9d)	AMOUNT ISSUED (10a)	AMOUNT USED OUT (10b)	AMOUNT FOR NUTRITION EDUCATION (10c)	FOOD LOSS (10d)	TOTAL WITHDRAWALS (10a) + (10b) + (10c) + (10d) = (10e)	BOOK INVENTORY FIRST OF MONTH (11a)	PHYSICAL INVENTORY FIRST OF MONTH (11b)	ADJUST - POSITIVE / NEGATIVE (11a) - (11b) = (11c)
73	CHICKEN CND	A562	24/29 oz												
74	EGG MIX 6	A570	48/6 oz												
75	STEW CND	A587	24/24 oz												
76	STEW 24/15	A589	24/15 oz												
77	BEEF 1	A598	36/11												
78	BEEF NJ	A610	24/29 oz												
79	LUNCMEAT P 24	A617	24/30 oz												
80	PORK NJ	A630	24/29 oz												
81	TUNA 12.5	A740	24/12.5 oz												
82	TUNA 12.25	A741	24/12.25 oz												
83	SALMON PRK	A800	48/14.75 oz												
84	SALMON 24	A803	24/14.75 oz												
85															
86	BEANS DK R KNEY	A908	12/42												
87	BEANS BK EYE 2	A910	12/42												
88	BEANS B LMA 2	A912	12/42												
89	BEANS PNTD 2	A914	12/42												
90	BEANS R KNEY 2	A915	12/42												
91	BEANS CRT NORTH 2	A917	12/42												
92	BEANS NAVY PK 2	A918	12/42												
93	BEANS LT KNEY 2	A920	12/42												
94	PEAS SPLIT 2	A972	12/42												
95															
96	BUTTER 36	B050	36/1 lb												
97	CHEESE 30	B060	6/5 lb												
98															
99	EVAP 12	B081	48/12 fl oz												
100	INSTANT 24	B080	6/4 lb												

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FORM FCS-182 18-98 Previous editions obsolete.

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EXHIBIT G

FORM APPROVED ONR NO. 0584-0282

SIU/ITC DA CODE REPORT MONTH

8. USDA COMMODITY			9. RECEIPTS			10. WITHDRAWALS			11. INVENTORY			E F M J J A S O N D		
COMMODITY	CODE	REPORTING UNIT	AMOUNT ON HAND FIRST OF MONTH (9a)	AMOUNT RECEIVED (9b)	AMOUNT REDONATED IN (9c)	TOTAL AMOUNT AVAILABLE DURING MONTH (9a) + (9b) + (9c) = (9d)	AMOUNT ISSUED (10a)	AMOUNT REDONATED OUT (10b)	AMOUNT USED FOR NUTRITION EDUCATION (10c)	FOOD LOSS (10d)	TOTAL DRAWALS (10a) + (10b) + (10c) + (10d) = (10e)		BOOK INVENTORY END OF MONTH (11a)	PHYSICAL INVENTORY END OF MONTH (11b)
EVAP 24	B117	24/12 fl oz												
CORNMEAL 5 DKG	B137	10/5 lb												
CORNMEAL 8/5 DKG	B138	8/5 lb												
CORNMEAL 10 DKG	B141	5/10 lb												
CORNMEAL 40 DKG	B142	4/10 lb												
FORMULA POWDER 14.1	B158	24/14 oz												
FARINA	B160	24/14 oz												
CEREAL INFANT RB	B161	12/6 oz												
FORM SOY DRY 6/14	B162	6/14 oz												
FORMULA 12	B163	12/13 fl oz												
FORMULA 12	B164	12/13 fl oz												
FORMULA 12	B165	24/13 fl oz												
FORMULA SOY	B166	24/13 fl oz												
FORMULA POWDER	B167	12/1 lb												
FORMULA POWDER 6	B169	6/1 lb												
FORM SOY POWDER 6	B169	6/1 lb												
FLOUR AP 5	B179	10/5 lb												
FLOUR AP 10	B180	5/10 lb												
FLOUR AP 10 UNBL	B181	5/10 lb												
FLOUR AP 8/5	B182	8/5 lb												
FLOUR AP 40	B183	4/10 lb												
FLOUR AP 40 UNBL	B188	4/10 lb												
FLOUR 8 10	B230	5/10 lb												
FLOUR 8 8/5	B232	8/5 lb												

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FORM FCS-182 (8-98) Previous editions obsolete



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FORM APPROVED OMB NO. 0584-0293

REPORT MONTH

DA CODE

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8. USDA COMMODITY			9. RECEIPTS		10. WITHDRAWALS				11. INVENTORY				
COMMODITY	CODE	REPORTING UNIT	AMOUNT ON HAND FIRST OF MONTH (9a)	AMOUNT RECEIVED (9b)	AMOUNT REDEEMED IN (9c)	TOTAL AVAILABLE DURING MONTH (9a) + (9b) + (9c) (9d)	AMOUNT ISSUED (10a)	AMOUNT USED FOR NUTRITION EDUCATION (10b)	FOOD LOSS (10c)	TOTAL DRAWALS (10a) + (10b) + (10c) (10d)	BOOK INVENTORY END OF MONTH (9d) (10d)	PHYSICAL INVENTORY END OF MONTH (11a)	ADJUST- MENTS POSITIVE/ NEGATIVE (11a - 11b) (11c)
129 FLOUR B 40	B233	4/10 lb											
130 FLOUR WWW 10	B350	5/10 lb											
131 FLOUR WWW 40	B351	4/10 lb											
132 FLOUR MIX	B367	6/5 lb											
133 FLOUR MIX (FAT	B368	6/5 lb											
134													
135 CRIS CW 5	B381	10/5 lb											
136 CRIS CW 40	B382	8/5 lb											
137													
138 HONEY 24	B403	24/24 oz											
139													
140 MACARONI 1	B425	24/1 lb											
141 MAC N CHEESE	B436	12/26 oz											
142 OATS 3	B445	12/3 lb											
143 PB 2	B470	24/2 lb											
144 PB ROU-FAT 2	B471	24/2 lb											
145 CHERRY ROU-FAT 2	B488	24/2 lb											
146 ROASTED 12	B501	24/12 oz											
147 RICE 2	B510	24/2 lb											
148													
149 VEG OIL 48	B666	8/48 oz											
150 SHORT S	B720	12/3 lb											
151 SPAGHETTI 2	B835	12/2 lb											
152													
153 CER CORN RTE 175	B847	14/175 oz											
154 CEREAL RICE 15	B848	12/15 oz											
155 CEREAL CORN 18	B849	12/18 oz											
156 CEREAL OATS 16	B851	14/16 oz											

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FORM FCS-182 (8-99) Previous editions obsolete.

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SDA/ITO FORM APPROVED OMB NO. 0584-0292

8. USDA COMMODITY		9. RECEIPTS			10. WITHDRAWALS			11. INVENTORY							
LINE NO.	COMMODITY	CODE	REPORTING UNIT	AMOUNT ON HAND OF MONTH	AMOUNT RECEIVED	AMOUNT REDONATED IN	TOTAL AVAILABLE MONTH (9a) + (9b) + (9c)	AMOUNT ISSUED	AMOUNT REDONATED OUT	AMOUNT USED FOR EDUCATION	FOOD LOSS	TOTAL WITHDRAWALS (10a) + (10b) + (10c) + (10d)	BOOK INVENTORY END OF MONTH (9a) + (10a)	PHYSICAL INVENTORY END OF MONTH (11a) + (11b)	ADJUST - POSITIVE (11a) - (11b)
157	CERIAL CORN 175	B852	12/15 oz.												
158	CERIAL OATS 155	B854	12/15 oz.												
159	CERIAL OATS 16	B860	24/15 oz.												
160	CERIAL OATS 16	B861	12/16 oz.												
161	CERIAL RICE 175	B866	12/13 oz.												
162	CER RICE RITE 175	B867	12/13 oz.												
163	CER RICE RITE 175	B869	14/175 oz.												
164	CER WHEAT 16	B871	12/16 oz.												
165	CER WHEAT RITE 16	B872	14/16 oz.												
166															
167															
168															
169															
170															
171															
172															
173															
174															
175															
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177															
178															
179															
180															
181															
182															
183															

FORM FCS-182 (7-98) Previous editions obsolete.

Electronic Form Version Designed in E-Form 2.3 Version

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**FCS-152 INSTRUCTIONS**

**SUBMISSION:** Forward the original of this document to the appropriate Food and Consumer Service (FCS) office no later than 30 calendar days following the last day of the month being reported. SDA's do not complete items 1, 2, 3, or Column 10c. SDA's are those facilities which hold FISH inventory but do not issue commodities to program participants.

**ITEM**

1. **Number of Households Certified.** Enter the number of households (not individual persons) which have been certified eligible to receive commodities from this Distribution Center during the report month.
2. **Number of Households Participating.** Enter the total number of households (not individual persons) which actually received commodities from this Distribution Center during the report month.
3. **Number of Participants.** Enter the total number of persons in households which actually received commodities from this Distribution Center during the report month.
4. **State.** Enter the name of the State in which the SDA or ITO is located.
5. **Name of State Distributing Agency (SDA) or Indian Tribal Organization (ITO).** Enter the name of the SDA or the reporting ITO acting as the SDA.
6. **Distributing Agency Code.** Enter the 4 digit SNPLIS code for the reporting SDA or ITO.
7. **Report for the Month of.** Enter the month and year for which data is reported.

**COLUMNS**

(1a) (1b) & (1c) Preprinted.

All commodities being reported must agree with the commodity title and commodity code as preprinted on the form. If a specific commodity is not preprinted, it must be written in along with the correct commodity short title, commodity code and reporting unit (e.g., #300 can, 16 oz box, 2 lb bag). Blank spaces are provided for this purpose. For all commodities, report the number of individual units, such as bags, boxes, cans, fells, etc., not the number of containers in which multiple units are packed.

(1a) Amount on hand first of month. This amount must be the same as the previous month's "Physical Inventory end of month (11b)." Include all foods held in storage by the SDA or reporting ITO.

(1b) Amount received. Indicate in this column the quantity of individual units received in good condition from USDA during the month.

(1c) Amount redonated in. Indicate the quantity of individual units redonated from another SDA, program or ITO.

(1d) Total amount available during month. Enter the total of columns (1a) amount on hand first of month, (1b) amount received, and (1c) amount redonated out.

(1e) Amount issued. ITOs enter the total number of commodity units actually issued to and accepted by participants during the report month as specified below. This figure should exclude (1) those commodities not accepted by the participant at the time of food pick-up, and (2) any commodities returned to the ITO by participants during the report month. If a participant has refused a commodity at pick-up, it should not be considered issued. SDA's enter commodity units delivered to ITOs for distribution to program participants.

(1f) Amount redonated out. When a commodity is redonated to another SDA, program or ITO, indicate the amount redonated.

(1g) Amount used for nutrition education. When a commodity is used for food demonstrations or taste testing as part of the SDA's or ITO's nutrition education program, indicate the amount (in units) used for this purpose.

(1h) Food loss. Provide the appropriate explanation code for all lost food foods that (A) after receipt, (B) were damaged in the warehouse or during transit from the State warehouse to the local site, (C) were found to be out of condition or unfit for human consumption, or (D) were known to have been stolen or lost due to fraud, misuse or embezzlement. Additional details may be provided in the REMARKS section. (Attach additional pages if necessary.)

(1i) Total withdrawals. Enter the total of columns: (10a) issued to participants, (10b) redonated out, (10c) used for nutrition program, and (10d) lost.

(11a) Book inventory end of month. Column (10i) minus Column (10a).

(11b) Physical inventory end of month. Report total number of individual units for each commodity which a physical inventory determines to be in warehouse.

(11c) Inventory Adjustments - Positive/Negative. Column (11a) minus/plus equal Column (11b).

12. Signature. The approving official signs the form here to certify that a physical inventory was taken and that the report is true and accurate.

13. Title. Enter the approving official's title.

14. Date. Enter the date the report is signed.

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO  
ADMINISTRATION OF THE FOOD DISTRIBUTION PROGRAM  
ON INDIAN RESERVATIONS

This Exhibit sets forth the procedures implementing uniform requirements for the negotiations and approval of cost allocation plans with State agencies, in accordance with the provisions of Federal Management Circular 74-4 and OASC-10, "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government," U.S. Department of Health, Education and Welfare. This material is adapted substantially from the circular; changes have been made only when necessary in order to conform with legislative constraints.

A. Purpose and scope.--(1) Objectives. This Exhibit sets forth principles for determining the allowable costs of administering the Food Distribution Program by State agencies under FNS approved State Plans of Operation. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal and State or local participation in the financing of the Program. They are designed to provide that all Federally assisted programs bear their fair share of costs recognized under these principles, except where restricted or prohibited by law. No provision for profit or other increment above cost is intended.

(2) Policy guides. The application of these principles is based on the fundamental premises that: (a) State agencies are responsible for the efficient and effective administration of the Food Distribution Program through the application of sound management practices.

(b) The State agency assumes the responsibility for seeing that Food Distribution Program funds have been expended and accounted for consistent with underlying agreements and program objectives.

(c) Each State agency, in recognition of its own unique combination of staff facilities and experience, will have the primary responsibility for employing whatever form of organization and management techniques as may be necessary to assure proper and efficient administration.

(3) Application. These principles will be applied by FNS in determining costs incurred by State agencies receiving FNS payments for administering the Food Distribution Program.

B. Definitions. Approval or authorization by FNS means documentation evidencing consent prior to incurring specific costs.

Cognizant Federal Agency means the Federal agency recognized by OMB as having the predominate interest in terms of program dollars.

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Cost allocation plan means the documentation identifying, accumulating, and distributing allowable costs of program administration together with the allocation methods used.

Cost, as used herein, means cost as determined on a cash, accrual, or other basis acceptable to FNS as a discharge of the State agency's accountability for FNS funds.

Cost center means a pool, summary account, objective or area established for the accumulation of costs. Such areas include objective organizational units, functions, objects or items of expense, as well as ultimate cost objective(s) including specific costs, products, projects, contracts, programs and other operations.

Federal agency means FNS and also any department, agency, commission, or instrumentality in the executive branch of the Federal Government which makes grants to or contracts with State, local, or Indian tribal governments.

Payments for administrative costs means reimbursement or advances for costs to State agencies pursuant to any agreement whereby FNS provides funds to carry out programs, services, or activities in connection with administration of the Food Distribution Program. The principles and policies stated in this Exhibit as applicable to program payments in general also apply to any State agency obligations under a cost reimbursement type of agreement performed by a subagency, including contracts and subcontracts.

Food Distribution Program administration means those activities and operations of the State agency which are necessary to carry out the purposes of the Food Stamp Act of 1977 and 1304(a) of the Food and Agriculture Act of 1977, including any portion of the Program financed by the State agency.

Local unit means any political subdivision of government below the State agency level.

Other agencies of the State means departments or agencies of the State or local unit which provide goods, facilities, and services to a State agency.

Subagencies means the organization or person to which a State agency makes any payment for acquisition of goods, materials or services for use in administering the Food Distribution Program and which is accountable to the State agency for the use of the funds provided.

Services, as used herein, means goods and facilities, as well as services.

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Supporting services means auxiliary functions necessary to sustain the direct effort of administering the Food Distribution Program. These services may be centralized in the State agency or in some other agency, and include procurement, payroll, personnel functions, maintenance and operation of space, data processing, accounting, budgeting, auditing mail and messenger service, and the like.

C. Basic guidelines.--(1) Factors affecting allowability of costs. To be allowable under the Food Distribution Program, costs must meet the following general criteria:

(a) Be necessary and reasonable for proper and efficient administration of the Program, be allocable thereto under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of State, local, or Indian tribal governments.

(b) Be authorized or not prohibited under State, local, or Indian tribal laws or regulations.

(c) Conform to any limitations or exclusions set forth in these principles, Federal laws, or other governing limitations as to types or amounts of cost items.

(d) Be consistent with policies, regulations, and procedures that apply uniformly to both Federally-assisted and other activities of the unit of government of which the State agency is a part.

(e) Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

(f) Not be allocable to or included as a cost to any other Federally financed program in either the current or a prior period.

(g) Be the net of all applicable credits.

(2) Allocable costs. (a) A cost allocable to a particular cost objective to the extent of benefits received by such objective.

(b) Any cost allocable to a particular program or cost objective under these principles may not be shifted to other Federal programs to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for other reasons.

(c) Where an allocation of joint cost will ultimately result in charges to the Program, an allocation plan will be required as prescribed in Section 1 of these principles.

(3) Applicable credits. (a) Applicable credits refer to those receipts or reduction of expenditure-type transactions which offset or reduce expense items allocable to programs as direct or indirect costs. Examples

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of such transactions are: Purchase discounts; rebates or allowances; recoveries or indemnities on losses; sale of publications, equipment, and scrap; income from personal or incidental services; and adjustments of overpayments or erroneous charges.

(b) Applicable credits may also arise when Federal funds are received or are available from sources other than FNS to finance operations or capital items donated or financed by the Federal Government to fulfill matching requirements under another program. These types of credits should likewise be used to reduce related expenditures in determining the rates or amounts applicable to a given program.

D. Composition of cost.--(1) Total cost. The total cost of a program is comprised of the allowable direct cost incident to its performance, plus its allocable portion of allowable indirect costs, less applicable credits.

(2) Classification of costs. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to a program or other ultimate cost objective. However, it is essential that each item of cost be treated consistently either as a direct or an indirect cost. Specific guides for determining direct and indirect costs allocable under the Food Distribution Program are provided in the section which follows.

E. Direct costs.--(1) General. Direct costs are those that can be identified specifically with a particular cost objective. These costs may be charged directly to the Food Distribution Program, contracts, or to other programs against which costs are finally lodged. Direct costs may also be charged to cost objectives used for the accumulation of cost pending distribution in due course to programs and other ultimate cost objectives.

(2) Application. Typical direct costs chargeable to the Food Distribution Program are: (a) Compensation of employees for the time and effort devoted specifically to the administration of the Program.

(b) Cost of materials acquired, consumed, or expended specifically for the purpose of the Program.

(c) Equipment and other approved capital expenditures.

(d) Other items of expense incurred specifically for efficiently and effectively administering the Food Distribution Program.

(e) Services furnished specifically for the Program by other agencies, provided such charges are consistent with criteria outlined in Section G of these principles.

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F. Indirect costs.--(1) General. Indirect costs are those:

(a) Incurred for a common or joint purpose benefiting more than one cost objective.

(b) Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the result achieved.

The term indirect cost as used herein applies to costs of this type originating in the State agency, as well as those incurred by other departments in supplying goods, services, and facilities to the State agency. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect cost within a State agency or in other agencies providing services to a State agency. Indirect cost pools should be distributed to benefiting cost objectives on bases which will produce an equitable result in consideration of relative benefits derived.

(2) State agency indirect costs. All State agency indirect costs, including the various levels of supervision, are eligible for allocation to the Program provided they meet the conditions set forth in their principles. In lieu of determining the actual amount of State agency indirect cost allocable to the Program, the following methods may be used:

(a) Predetermined fixed rates for indirect costs. A predetermined fixed rate for computing indirect costs applicable to program administration may be negotiated annually in situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties to reach an informed judgement: (1) as to the probable level of indirect costs, in the State agency during the period to be covered by the negotiated rate, and (2) that the amount allowable under the predetermined rate would not exceed actual indirect costs.

(b) Negotiated lump sum for overhead. A negotiated fixed amount in lieu of indirect costs may be appropriate under circumstances where the benefits derived from a State agency's indirect services cannot be readily determined as in the case of a small self-contained or isolated activity. When this method is used, a determination should be made that the amount negotiated will be approximately the same as the actual indirect cost that may be incurred. Such amounts negotiated in lieu of indirect costs will be treated as an offset to total indirect expenses of the State agency before allocation to remaining activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

(3) Limitation on indirect costs. Some Federal programs may be subject to laws that limit the amount of indirect cost that may be allowed. When the amount allowable under a statutory limitation is less than the amount otherwise allocable as indirect costs under these principles, the amount not recoverable as indirect costs under a program may not be shifted to the Food Distribution Program.



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G. Cost incurred by other agencies of the State.--(1) General. The cost of service provided by other agencies may only include allowable direct costs of the service plus a pro rata share of allowable supporting costs and supervision directly required in performing the service, but not supervision of a general nature such as that provided by the head of a department and his staff assistants not directly involved in operations. However, supervision by the head of a department or agency whose sole function is providing the service furnished would be an eligible cost. Supporting costs include those furnished by other units of the supplying department or by other agencies.

(2) Alternative methods of determining indirect cost. In lieu of determining actual indirect cost related to a particular service furnished by other agencies of the State, either of the following alternative methods may be used, provided only one method is used for a specific service during the fiscal year involved.

(a) Standard indirect rate. An amount equal to ten percent of direct labor cost in providing the service performed by other agencies of the State (excluding overtime, shift, or holiday premiums and fringe benefits) may be allowed in lieu of actual allowable indirect cost for that service.

(b) Predetermined fixed rate. A predetermined fixed rate for indirect cost of the unit or activity providing service may be negotiated as set forth in Section F(2) of these principles.

H. Cost incurred by State agency for others. The principles provided in Section G will also be used in determining the cost of services provided by the State agency to another agency.

I. Cost Allocation Plan.--(1) A cost allocation will be required to support the distribution of any indirect costs. All costs allocable to the Food Distribution Program under cost allocation plans will be supported by formal accounting records which will substantiate the propriety of eventual charges.

(2) There are two types of cost allocation plans: (a) Statewide or central service cost allocation plan identifies and distributes the cost of services provided by support organizations to those departments or units participating in Federal programs.

(b) Indirect Cost proposals distribute the administrative or joint costs incurred by the State agency and the cost of service allocable to it under the Statewide or central service cost allocation plan in a ratio to all work performed by the State agency. The process involves applying a percentage relationship of indirect cost to direct cost.

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(3) Requirements. The cost allocation plan of the State agency shall cover all allocated costs of the department, as well as cost to be allocated under plans of other agencies or organizational units, which are to be included in the costs of Federally-sponsored programs. The cost allocation plans of all the agencies rendering services to the State agency, to the extent feasible, should be presented in a single document.

(4) Instructions for Preparation of Cost Allocation Plans. In most cases, the Department of Health, Education and Welfare, in consultation with the other Federal agencies concerned, will be responsible for developing and issuing the instructions for use by State agencies in preparation of cost allocation plans. The responsibility applies to both central support services at the State, local, and Indian tribal government level and indirect cost proposals of individual State agencies.

(5) Submitting Plans for Approval. (a) Responsibility for approving cost allocation plans for individual State agencies has been assigned by the Office of Management and Budget to the cognizant Federal agency.

(b) State cost allocation plans must be submitted to the cognizant Federal agency within six months after the last day of the State's fiscal year. Upon request by the State agency, an extension of time for submittal of the cost allocation plan may be granted by the cognizant Federal agency. It is essential that cost allocation plans be submitted in a timely manner. Failure to submit the plans when required will cause the State agency to become delinquent. In the event a State becomes delinquent, FNS will not provide for the recovery of central service and indirect costs, and such costs already made and claimed against Food Distribution Program funds will be subject to disallowance.

(5) Negotiation and Approval of Cost Allocation Plans for States. The cognizant Federal agency, in collaboration with Federal agencies concerned, will be responsible for negotiation, approval, and audit of cost allocation plans.

(6) Negotiation and Approval of Cost Allocation Plans for Local Governments. Cost allocation plans will be retained at the local government level for audit by the cognizant Federal agency except in those cases where that agency requests that cost allocation plans be submitted to it for negotiation and approval.

(7) A current list of cognizant Federal agencies is maintained by the Office of Management and Budget.

(8) Resolution of Problems. The Office of Management and Budget will lend assistance in resolving problems encountered by Federal agencies on cost allocation plans.

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(9) Approval by FNS. FNS reserves the right to disapprove costs not meeting the general criteria outlined in Section C of these principles. FNS shall promptly notify the State agency in writing of the disapproval, the reason for the disapproval and the effective date. Costs incurred by State agencies after disapproval may not be charged to FNS unless FNS subsequently approves the cost.

Standards for Selected Items of Cost

A. Allowable Cost. Standards for allowability of costs are established by Federal Management Circular 74-4. These standards will apply regardless of whether a particular item of cost is treated as direct or indirect. Failure to mention a particular item of cost in these standards is not intended to imply that it is either allowable or unallowable, rather determination of allowability in each case should be based on the treatment of standards provided for similar or related items of cost. The allowability of the selected items of cost is subject to the general policies and principles as stated in Attachment A to Federal Management Circular 74-4.

(1) Accounting. The cost of establishing and maintaining accounting and other information systems required for the management of the Food Distribution Program is allowable. This includes costs incurred by central service agencies of the State or Indian tribal government for these purposes. The cost of maintaining central accounting records required for overall State, local, or Indian tribal governments purposes, such as appropriation and fund accounts by the Treasurer, Comptroller, or similar officials, is considered to be a general expense of government and is not allowable.

(2) Advertising. Advertising media includes newspapers, magazines, radio and television programs, direct mail, trade papers, and the like. The advertising costs allowable are those which are solely for:

- (a) Recruitment of personnel required for the Program;
  - (b) Solicitation of bids for the procurement of goods and services required;
  - (c) Disposal of scrap or surplus materials acquired in the performance of the agreement; and
  - (d) Other purposes specifically provided for by FNS regulations or approved by FNS in the administration of the Food Distribution Program.
- (3) Advisory Councils. Cost incurred by State advisory councils or committees established to carry out Food Distribution Program goals are allowable. The cost of like organizations is allowable when used to improve the efficiency and effectiveness of the Program.

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(4) Audit Service. The cost of audits necessary for the administration and management of functions related to the Program is allowable.

(5) Bonding. Costs of premiums on bonds covering employees who handle Food Distribution Program funds are allowable. The amount of allowable coverage shall be limited to the anticipated maximum amount of food distribution administrative funds handled at one time by that employee.

(6) Budgeting. Cost incurred for the development, preparation, presentation, and execution of budgets are allowable. Costs for services of a central budget office are generally not allowable since these are costs of general government. However, where employees of the central budget office actively participate in the State agency's budget process, the costs of services identifiable to the Food Distribution Program are allowable.

(7) Building Lease Management. The administrative cost for lease management which includes review of lease proposals, maintenance of a list of available property for lease, and related activities is allowable.

(8) Central Stores. The cost of maintaining and operating a central stores organization for supplies, equipment, and materials used either directly or indirectly for the Food Distribution Program is allowable.

(9) Communications. Communication costs incurred for telephone calls or service, telegraph, teletype service, wide area telephone service (WATS), centrex, telapak (tie lines), postage, messenger service and similar expenses are allowable.

(10) Compensation for Personal Services.--(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services rendered during the period of performance in the administration of the Program including, but not necessarily limited to, wages, salaries, and supplementary compensation and benefits as defined in Section A(13) of these principles. The cost of such compensation are allowable to the extent that total compensation for individual employees is reasonable for the services rendered; follows an appointment made in accordance with State, local, or Indian tribal government laws and rules and which meets Federal Merit System or other requirements, where applicable; and is determined and supported as provided in Section A of these principles. Compensation for employees engaged in Federally-assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the State, local or Indian tribal government. In cases where the kinds of employees required for the Food Distribution Program activities are not found in the other activities of the State, local, or Indian tribal government, compensation will be considered reasonable to the extent that it is comparable to that paid for

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similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

(b) Payroll and Distribution of Time. Amounts charged to the Program for personal services regardless of where treated as direct or indirect costs, will be based on payrolls documented and approved in accordance with the generally accepted practice of the State, local agency. Payrolls must be supported by time and attendance or equivalent records for individual employees. Distribution of salaries and wages of employees chargeable to more than one program or other cost objective will be supported by appropriate time reports or approved time study methodologies. The method used should be included in the cost allocation plan and should be approved by FNS.

(11) Depreciation and Use Allowance.—(a) State agencies may be compensated for the use of buildings, capital improvements, and equipment through use allowances or depreciation. Use allowances are the means of providing compensation in lieu of depreciation or other equivalent costs. However, a combination of the two methods may not be used in connection with a single class of fixed assets.

(b) The computation of depreciation or use allowances will be based on acquisition cost. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used in the computation. The computation will exclude the cost of any portion of the cost of buildings and equipment donated or borne directly or indirectly by the Federal Government through charges to Federal programs or otherwise, irrespective of where title was originally vested or where it presently resides. In addition, the computation will also exclude the cost of acquisition of land or buildings.

(c) Where the depreciation method is followed, adequate property records must be maintained, and any general accepted method of computing depreciation may be used. However, the method of computing depreciation must be consistently applied for any specific asset or class of assets for all affected Federally-sponsored programs and must result in equitable charges considering the extent of the use of the assets for the benefit of such programs.

(d) In lieu of depreciation, a use allowance for buildings and improvements may be computed at an annual rate not exceeding two percent of acquisition cost. The use allowance for equipment (excluding items properly capitalized as building cost) will be computed at an annual rate not exceeding six and two-thirds percent of a acquisition cost of usable equipment.

(e) No depreciation or use charge may be allowed on any assets that would be considered as fully depreciated, provided, however, that reasonable use charges may be negotiated for any such assets if

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warranted after taking into consideration the cost of the facility or item involved, the estimated useful life remaining at time of negotiation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the facility or item for the purpose contemplated.

(12) Disbursing Service. The cost of disbursing program funds by the State Treasurer or other designated officer is allowable. Disbursing services cover the processing of checks or warrants, from preparation to reconciliation of such records with related cash accounts.

(13) Employee Fringe Benefits. Costs identified are allowable to the extent that total compensation for employees is reasonable as defined in paragraph (10)(a) of these principles.

(a) Employee benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, court leave, military leave, and the like, if they are: (1) provided pursuant to an approved leave system, and (2) the cost thereof is equitably allocated to all related activities, including Federally-assisted programs.

(b) Employee benefits in the form of employers' contributions or expense for social security, employees' life and health insurance plans, unemployment insurance coverage, workers' compensation insurance pension plans, severance pay, and the like, provided such benefits are granted under approved plans and are distributed equitably to programs and to other activities.

(14) Employee Morale, Health and Welfare Costs. The cost of health or first-aid clinics and/or infirmaries, recreational facilities, employees' counseling services, employee information publications, and any related expenses incurred in accordance with general State, local or Indian tribal policy, are allowable. Income generated from any of these activities will be offset against expenses.

(15) Exhibits. Cost of exhibits relating specifically to the Food Distribution Program are allowable.

(16) Legal Expenses. The cost of legal expenses required in the administration of the Program is allowable. Legal services furnished by the chief legal officer of a State, local or Indian tribal government or his staff solely for the purpose of discharging his general responsibilities as legal officer are unallowable. Legal expenses for the prosecution of claims against the Federal Government are unallowable.

(17) Maintenance and Repair. Costs incurred for necessary maintenance, repair, or upkeep of property which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

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(18) Materials and Supplies. The cost of materials and supplies necessary to carry out the Program is allowable. Purchases made specifically for the Program should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the State agency. Withdrawals from general stores or stockrooms should be charged to cost under any recognized method of pricing consistently applied. Incoming transportation charges are a proper part of material cost.

(19) Memberships, Subscriptions and Professional Activities.--(a) The cost of membership in civic, business, technical and professional organizations is allowable, provided:

- (i) The benefit from the membership is related to the Program,
- (ii) The expenditure is for agency membership,
- (iii) The cost of the membership is reasonably related to the value of the services or benefits received, and
- (iv) The expenditure is not for membership in an organization which devotes a substantial part of its activities to influencing legislation.

(b) Reference Material. The cost of books, and subscriptions to civic, business, professional, and technical periodicals is allowable when related to the Program.

(c) Meetings and Conferences. Costs are allowable when the primary purpose of the meeting is the dissemination of technical information relating to the Program and they are consistent with regular practices followed for other activities of the State agency.

(20) Motor Pools. The costs of a service organization which provides automobiles to user State agencies at a mileage or fixed rate and/or provides vehicle maintenance, inspection and repair services are allowable.

(21) Payroll Preparation. The cost of preparing payrolls and maintaining necessary related wage records is allowable.

(22) Personnel Administration. Costs for the recruitment, examination, certification, classification, training, establishment of pay standards, and related activities for the Program are allowable.

(23) Printing and Reproduction. Cost for printing and reproduction services necessary for program administration, including but not limited to forms, reports, manuals, and information literature, is allowable. Publication costs of reports or other media relating to Program accomplishments or results are allowable.

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(24) Procurement Service. The cost of procurement service, including solicitation of bids, preparation and award of contracts, and all phases of contract administration in providing goods, facilities and services for the Program is allowable.

(25) Taxes. In general, taxes or payments in lieu of taxes which the State agency is legally required to pay are allowable.

(26) Training and Education. The cost of in-service training, customarily provided for employee development which directly or indirectly benefits the Program is allowable. Out-of-service training involving extended periods of time is allowable only when specifically authorized by FNS.

(27) Transportation. Cost incurred for freight, cartage, express, postage and other transportation costs relating either to goods purchased, delivered, or moved from one location to another are allowable.

(28) Travel. Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business incident to the Program. Such costs may be charged on an actual basis, on a per diem or mileage based in lieu of actual costs incurred, or on a combination of the two. The changes must be consistent with those normally allowed in like circumstances in nonfederally-sponsored activities. The difference in cost between first-class air accommodations and less-than-first class air accommodations is unallowable except when less-than-first-class air accommodations are not reasonably available.

B. Costs Allowable with Approval of FNS.--(1) Automatic Data Processing. The cost of data processing services for Food Distribution Program administration is allowable. This cost may include rental of equipment or depreciation on State agency owned equipment. The acquisition of equipment, whether by outright purchase, rental-purchase agreement or other method of purchase, is allowable only upon specific prior approval of FNS as provided under the selected item for capital expenditures. The conditions for Food Distribution Program funding of the acquisition of Automatic Data Processing equipment and services are contained in these principles in accordance with OMB Circular No. A-90.

(2) Definitions.--(a) "Acceptance Documents" means written evidence of satisfactory completion of an approved phase of work or contract, and acceptance thereof by the State agency.

(b) "Advance Planning Document" or "APD" means a written plan of action to acquire the proposed ADP services, system, or equipment, the APD must contain a statement of needs and objectives:

(i) The feasibility study;

(ii) A preliminary cost/benefit analysis including lease/purchase options;



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(iii) A personnel resource statement indicating availability of qualified and adequate staff including a project director to accomplish the project objectives;

(iv) A detailed description of the nature and scope of the activities to be undertaken and the methods to be used;

(v) A proposed schedule;

(vi) A proposed budget; and

(vii) A statement indicating the period of time for which the services, system, or equipment described are expected to be used; for integrated computer systems, a statement of the percentage allocated to FNS and a breakdown or explanation of how the percentage was determined.

(c) "Automatic Data Processing" or "ADP" means data processing performed by a system of electronic or electrical machines so interconnected and interacting as to minimize the need for human assistance or intervention.

(d) "Automatic Data Processing Equipment" or "ADP Equipment" means:

(i) Electronic digital computers, regardless of size, capacity or price, that accept data input, store data, perform calculations and other processing steps, and prepare information.

(ii) All peripheral or auxiliary equipment used in support of electronic computers whether selected and acquired with the computer or separately;

(iii) Data transmission or communications equipment that is selected and acquired solely or primarily for use with a configuration of ADP equipment which includes an electronic computer; and

(iv) "Data input equipment" means equipment used to enter data directly or indirectly into an electronic digital computer; peripheral or auxiliary equipment; or data transmission or communication equipment.

(e) "Automatic Data Processing Services" or "ADP Services" means:

(i) Services to operate ADP equipment, either by private sources, or by employees of the State agency, or by State or local organizations other than the State agency; and/or

(ii) Services provided by private sources or by employees of the State agency or by State and local organizations other than the State agency to perform such tasks as feasibility studies, system studies, system design efforts, development of system specifications, system analysis, programming and system implementation.

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(f) "Data Processing" means the preparation of source media containing data or basic elements of information and the use of such sources media according to precise rules of procedures to accomplish such operations as classifying, sorting, calculating, summarizing, recording and transmitting.

(g) "Feasibility Study" means a preliminary study to determine whether it is sufficiently probable that effective and efficient use of ADP equipment or systems can be made to warrant the substantial investment of staff, time, and money. The study shall project for a three year period the requirements for ADP equipment, services, and systems.

(h) "Request for Proposal" or "RFP" means the document used for public solicitations of competitive proposals from qualified sources as outlined in 7 CFR 277.14.

(i) "Service Agreement" means a document signed by the State or local agency and a second State or local organization providing ADP services to the State or local agency which:

(i) Identifies those ADP services to be provided by the provider agency;

(ii) Includes, preferably as an amendable attachment, a schedule of charges for each identified ADP service, and a certification that these charges apply equally to all users;

(iii) Includes a description of the method(s) of accounting for the services rendered under the agreement and computing services charges;

(iv) Includes assurances that services provided shall be timely and satisfactory; and

(v) Requires the provider agency to obtain prior State agency approval and to follow competitive procurement procedures equivalent to those contained in 7 CFR 277.14 for the acquisition of any ADP services in support of or in addition to the service agreement.

(j) "Software" means a set of computer programs, procedures, and associated documentation by which ADP equipment is used and operated.

(k) "System Design" means the putting together of a new or more efficient ADP system which avoids the deficiencies and discrepancies in the old system.

(l) "System Specifications" means information about the new ADP system--such as workload descriptions, input data, information to be maintained and processed, data processing techniques, and output data--which is required to determine the ADP equipment and software necessary to implement the system design.

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(m) "System Study" means the examination of existing information flow and operational procedures within an organization to determine how to provide more timely, accurate, and meaningful information for management decision-making and to develop new or improved ADP systems to service, control and coordinate the activities of the organization to improve operational efficiency. The study essentially consists of three basic phases: Data gathering or investigation of the present system and new information requirements; analysis of the data gathered in the investigation; and synthesis, or refitting, of the parts and relationships uncovered through the analysis into an efficient system.

(3) Obtaining Approval. Prior approval by FNS is required for costs of ADP equipment or ADP services in support of the Food Distribution Program which exceed \$25,000 in combined Federal and State funds per project. Requests for approvals must be forwarded through the State agency prior to submittal to FNS. Approval by FNS will be based on a review of the studies conducted by or for the agency that will justify the acquisition of the proposed ADP equipment or ADP services. Written approval of the Advance Planning Document must be obtained from FNS by the State agency prior to entering into contractual agreements or making any other commitment for acquisition of ADP equipment or ADP services.

(4) Approval by the State Agency. Approval by the State agency is required for all documents specified in this regulation prior to submittal for FNS approval. In addition, State agency approval is also required for those acquisitions of ADP equipment and ADP services not requiring prior approval by FNS.

(5) Competitive Procurement. Acquisition of ADP equipment and purchase of ADP services shall be based on competitive procurement procedures specified in 7 CFR 277.14 when Food Distribution Program funds are involved. State agency officials responsible for such procurement will ensure that formal advertising is the method of procurement unless the conditions for negotiation in 7 CFR 277.14 are met. Notwithstanding the existence of circumstances justifying negotiation, competitive procurement shall be obtained to the maximum extent practicable. The competitive procurement policy shall be applicable except for ADP services provided by the agency itself, or by other State or local agencies.

(6) Submittal of Documents.—(a) Prior to claiming funding under the Food Distribution Program the State agency will be required to submit:

(i) The advance planning document;

(ii) The service agreement (when data processing services are to be provided by a State central data processing facility or by another State or local agency);

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(iii) The request for proposal, prior to its issuance when service or equipment proposals are being solicited from commercial sources; and

(iv) The contract, prior to signature of the contracting officer when services or equipment are to be acquired commercially.

(b) Voluntary submittal, or when requested by FNS, will be made of:

(i) The system study,

(ii) The system design,

(iii) The system specifications,

(iv) The acceptance document.

(7) Methods for Charging Costs. Methods and procedures for properly charging the costs of all systems whether acquired from public or private sources shall be in accordance with this regulation and applicable FNS instructions.

(8) Access. Access to the system by FNS in all of its aspects, including design, development, and operation, including work performed by any source, and including cost records of contractors and subcontractors, shall be made available by the State at intervals as are deemed necessary by FNS to determine whether the conditions for approval are being met and to determine the efficiency, economy and effectiveness of the system. Failure to provide full access by appropriate State and Federal representatives to all parts of the system shall result in termination of Food Distribution Program funds in the costs of the system and its operation.

(9) Ownership Rights.--(a) Software. The State will have all ownership rights in software or modification thereof and associated documentation designed, developed or installed with Food Distribution Program funds except that FNS reserves a royalty-free, non-exclusive license to reproduce, publish, or otherwise use, and to authorize others to do so, such software, modification and documentation. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership provisions of this section.

(b) Automatic Data Processing Equipment. The policies and procedures governing title, use and disposition of property purchased with Food Distribution Program funds, which are covered in 7 CFR 277.13 are applicable to automatic data processing equipment.

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(10) Use of ADP Systems. ADP systems designed, developed or installed with Food Distribution Program funds shall be used for a period of time consistent with the Advance Planning Document as approved, or which FNS shall determine is sufficient to justify the Federal funds invested.

(11) Basis for Continued Federal Financial Participation. Periodic onsite surveys and reviews of State and local agency ADP methods and practices may be conducted by or for FNS to determine the adequacy of such methods and practices and to assure that ADP equipment and services are utilized for the purposes for which Federal funds were authorized. Such surveys may include:

(a) Pre-installation Readiness. A pre-installation survey including an on-site evaluation of the physical site and the State agency's readiness to use the proposed ADP services, equipment or system when installed and operational.

(b) Post-installation. A review conducted after installation of ADP equipment or systems to assure that the objectives for which Federal financial participation was approved are being accomplished.

(c) Utilization. A continuing review of ADP facilities to determine whether or not the ADP equipment or services are being efficiently and effectively utilized in support of the Food Distribution Program. Should FNS determine from such surveys or reviews or otherwise that the State agency has improperly used Food Distribution Program funds, termination of Food Distribution Program funding may be invoked. Such termination would be limited to the costs of the data processing services or equipment in question as specified in the written notification of termination by FNS.

(12) Application of This Section. The conditions of this section apply for initial and continuing authority to claim Food Distribution Program funding for automatic data processing services and equipment. Due to the procurement of ADP equipment and services, approved cost allocation plans will not be valid unless documentation required under B(1) of this Section is submitted and approvals under B(1) of the Section are obtained.

(13) Building Space and Related Facilities. The cost of space in privately or publicly owned buildings used for the benefit of the Program is allowable subject to the following conditions.—(a) The total cost of space, whether in a privately or publicly owned building, may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality.

(b) The cost of Space may not be charged to FNS for periods of nonoccupancy, without authorization of FNS.

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(i) Rental Cost. The rental cost of space in a privately-owned building is allowable.

(ii) Maintenance and Operation. The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and alterations and the like, are allowable to the extent they are not otherwise included in rental or other charges for space.

(iii) Rearrangements and Alternations. Costs incurred for rearrangement and alternation of facilities required specifically for the Program or those that materially increase the value or useful life of the facilities (Section B(3) of these principles) are allowable when specifically approved by FNS.

(iv) Depreciation and Use Allowances on Publicly owned Buildings. These costs are allowable as provided in paragraph A(11) of these principles.

(v) Occupancy of Space Under Rental-purchase or a Lease with Option-to-purchase Agreement. The cost of space procured under such arrangements is allowable when specifically approved by FNS.

(14) Capital Expenditures. The cost, net of any credits, of facilities, equipment, other capital assets, and repairs which materially increase the value or useful life of capital assets, and/or nonexpendable personal property, having a useful life of more than one year and a net acquisition cost of more than \$5,000 per unit after allocation to FNS as projected for one year after purchase, is allowable when such procurement is specifically approved by FNS. No such approval shall be granted unless the State agency shall demonstrate to FNS that such a cost is:

(a) Necessary and reasonable for proper and efficient administration of the Program, and allocable thereto under the principles provided herein, and

(b) That procurement of such item or items has been or will be made in accordance with the standards set out in 277.14. In no case shall such a cost become a program charge against FNS prior to approval in writing by FNS of the procurement and the cost. When assets acquired with Food Distribution Program funds are:

(i) Sold,

(ii) No longer available for use in a Federally-sponsored program, or

(iii) Used for purposes not authorized by FNS, FNS's equity in the asset will be refunded in the same proportion as Federal participation in its cost. In case any assets are traded on new items, only the net cost of the newly acquired assets is allowable.

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(15) Insurance.--(a) Cost of insurance to secure the State agency against financial losses involved in the acceptance, storage, and issuance of commodities is allowable with FNS approval.

(b) Cost of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

(i) Types and extent and cost of coverage will be in accordance with general State, local, or Indian tribal government policy and sound business practice.

(ii) Cost of insurance or contributions to any reserve covering the risk of loss of, or damage to, Federal government property are unallowable except to the extent that FNS approves such cost.

(16) Management Studies. The cost of management studies to improve the effectiveness and efficiency of program management for the Food Distribution Program is allowable. However, FNS must approve cost in excess of \$2,500 for studies performed by outside consultants or agencies other than the State agency.

(17) Preagreement Costs. Costs incurred prior to the effective date of approval of the amended indirect cost proposal or the revised Statewide cost allocation plan, whether or not they would have been allowable thereunder if incurred after such date, are allowable only when subsequently provided for in the plan or approved indirect cost proposal.

(18) Professional Services. Cost of professional services rendered by individuals or organizations not a part of the State agency is allowable. Prior authorization must be obtained from FNS for costs exceeding a total of \$2,500.

(19) Proposal Costs. Costs of preparing indirect cost proposals or amendments for allocating, distributing, and implementing provisions for payment of portions of the costs of administering the Food Distribution Program by the State agency are allowable.

(20) Cost Incurred by Agencies Other than the State. The cost of services provided by other agencies (including municipal governments) may only include allowable direct costs plus a pro rata share of allowable supporting costs and supervision directly required in performing the service. Allowable supporting costs are those services which may be centralized and includes such functions as procurement, payroll, personnel services, maintenance and operation of space, data processing, accounting, budgeting, auditing, mail and messenger service and the like. Supervision costs will not include supervision of a general nature such as that provided by the head of a department and his staff assistants not directly involved in the operation of the Program.

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In lieu of determining actual indirect cost related to a particular service performed by another agency, either of the following alternative methods may be used during the fiscal year involved and is specifically provided for in the indirect cost proposal:

(a) Standard indirect rate equal to ten percent of direct labor cost in providing the service (excluding overtime, shift, or holiday premiums, and fringe benefits) may be allowed in lieu of actual allowable cost.

(b) A predetermined fixed rate for indirect cost of the unit or activity providing service may be negotiated.

C. Unallowable Costs. The following costs shall not be allowable:

(1) Bad Debts. Any losses arising from uncollectable accounts or other claims, and related costs, are unallowable.

(2) Contingencies. Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.

(3) Contributions and Donations. Unallowable.

(4) Entertainment. Costs whose purchase is for amusement, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation, and gratuities are unallowable.

(5) Fines and Penalties. Costs resulting from violations of or failure to comply with Federal, State, local or Indian tribal laws and regulations are unallowable.

(6) Governor's Expense. The salaries and expenses of the Office of the Governor of a State or the Chief executive of a political subdivision are considered a cost of general State, or local government and are unallowable. However, for a Federally-recognized Indian tribal government, only that portion of the salaries and expenses of the office of the chief executive that is a cost of general government is unallowable. The portion of salaries and expenses directly attributable to managing and operating programs is allowable.

(7) Indemnification. The cost of indemnifying the State against liabilities to third parties and other losses not compensated by insurance is unallowable.

(8) Interest and Other Financial Costs. Interest on borrowings, bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith, are unallowable.



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(9) Legislative Expenses. Salaries and other expenses of the State legislature or similar local governmental bodies are unallowable.

(10) Losses. Losses which could have been covered by permissible insurance are unallowable.

(11) Underrecovery of Cost Under Agreements. Any excess of cost over Federal contribution under one agreement is unallowable under another agreement.

SAMPLE COPY OF SF-424

OMB Approval No. 0345-0043

<b>APPLICATION FOR FEDERAL ASSISTANCE</b>		2. DATE SUBMITTED	Applicant Identifier
<b>1. TYPE OF SUBMISSION:</b> Application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction Preapplication <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	<b>3. DATE RECEIVED BY STATE</b>	<b>State Application Identifier</b>	
<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>		<b>Federal Identifier</b>	
<b>5. APPLICANT INFORMATION</b>			
<b>Legal Name</b>		<b>Organizational Unit</b>	
<b>Address (give city, county, state, and zip code)</b>		<b>Name and telephone number of the person to be contacted on matters involving this application (give area code)</b>	
<b>6. EMPLOYER IDENTIFICATION NUMBER (EIN):</b> <div style="border: 1px solid black; width: 150px; height: 20px; margin: 5px 0;"></div>		<b>7. TYPE OF APPLICANT: (enter appropriate letter in box)</b> <input type="checkbox"/>	
<b>8. TYPE OF APPLICATION:</b> <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es): <input type="checkbox"/> <input type="checkbox"/> A Increase Award    B Decrease Award    C Increase Duration D Decrease Duration    Other (specify): _____		A State    H Independent School Dist B County    I State Controlled Institution of Higher Learning C Municipal    J Private University D Township    K Indian Tribe E Interstate    L Individual F Intermunicipal    M Profit Organization G Special District    N Other (Specify) _____	
<b>9. NAME OF FEDERAL AGENCY:</b>		<b>11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:</b>	
<b>10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:</b> <div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div>		<b>12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):</b>	
<b>13. PROPOSED PROJECT</b> Start Date    Ending Date		<b>14. CONGRESSIONAL DISTRICTS OF</b> a Applicant    b Project	
<b>15. ESTIMATED FUNDING</b>		<b>16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?</b>	
a Federal	\$ .00	a YES THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____	
b Applicant	\$ .00	b NO <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372	
c State	\$ .00	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
d Local	\$ .00	<b>17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?</b> <input type="checkbox"/> Yes    If "Yes," attach an explanation <input type="checkbox"/> No	
e Other	\$ .00	<b>18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED</b>	
f Program Income	\$ .00	a Typed Name of Authorized Representative	b Title
g TOTAL	\$ .00	c Telephone number	d Signature of Authorized Representative
		e Date Signed	

Previous Editions Not Usable

Standard Form 424 (REV 4-85)  
Prescribed by OMB Circular A-102

# INSTRUCTIONS FOR THE SF 424

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

- | Item: | Entry:                                                                                                                                                                                                                                                                                                                                                                                         | Item: | Entry:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | Self-explanatory.                                                                                                                                                                                                                                                                                                                                                                              | 12.   | List only the largest political entities affected (e.g., State, counties, cities).                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2.    | Date application submitted to Federal agency (or State if applicable) & applicant's control number (if applicable).                                                                                                                                                                                                                                                                            | 13.   | Self-explanatory.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3.    | State use only (if applicable).                                                                                                                                                                                                                                                                                                                                                                | 14.   | List the applicant's Congressional District and any District(s) affected by the program or project.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 4.    | If this application is to continue or revise an existing award, enter present Federal identifier number. If for a new project, leave blank.                                                                                                                                                                                                                                                    | 15.   | Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate <u>only</u> the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15. |
| 5.    | Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application.                                                                                                                                                   | 16.   | Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process.                                                                                                                                                                                                                                                                                                                                                  |
| 6.    | Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service.                                                                                                                                                                                                                                                                                                        | 17.   | This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.                                                                                                                                                                                                                                                                                                                                                          |
| 7.    | Enter the appropriate letter in the space provided.                                                                                                                                                                                                                                                                                                                                            | 18.   | To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)                                                                                                                                                                                                                          |
| 8.    | Check appropriate box and enter appropriate letter(s) in the space(s) provided:<br>— "New" means a new assistance award.<br>— "Continuation" means an extension for an additional funding/budget period for a project with a projected completion date.<br>— "Revision" means any change in the Federal Government's financial obligation or contingent liability from an existing obligation. |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 9.    | Name of Federal agency from which assistance is being requested with this application.                                                                                                                                                                                                                                                                                                         |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 10.   | Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested.                                                                                                                                                                                                                                                                            |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 11.   | Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project.                                                  |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

OMB Approval No. 0348-0040

**ASSURANCES — NON-CONSTRUCTION PROGRAMS**

**Note:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

**As the duly authorized representative of the applicant I certify that the applicant:**

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§ 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. §§ 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally assisted construction subagreements.

Standard Form 424B (4-88)  
Prescribed by OMB Circular A-102

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FNS HANDBOOK 501  
EXHIBIT I

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of Federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C. § 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
APPLICANT ORGANIZATION	DATE SUBMITTED

# INSTRUCTIONS FOR THE SF-424C

This sheet is to be used for the following types of applications: (1) "New" (means a new (previously unfunded) assistance award); (2) "Continuation" (means funding in a succeeding budget period which stemmed from a prior agreement to fund); and (3) "Revised" (means any changes in the Federal government's financial obligations or contingent liability from an existing obligation). If there is no change in the award amount there is no need to complete this form. Certain Federal agencies may require only an explanatory letter to effect minor (no cost) changes. If you have questions please contact the Federal agency.

**Column a.** — If this is an application for a "New" project, enter the total estimated cost of each of the items listed on lines 1 through 16 (as applicable) under "COST CLASSIFICATIONS."

If this application entails a change to an existing award, enter the eligible amounts *approved under the previous award* for the items under "COST CLASSIFICATION."

**Column b.** — If this is an application for a "New" project, enter that portion of the cost of each item in Column a. which is *not* allowable for Federal assistance. Contact the Federal agency for assistance in determining the allowability of specific costs.

If this application entails a change to an existing award, enter the adjustment [+ or (-)] to the previously approved costs (from column a.) reflected in this application.

**Column c.** — This is the net of lines 1 through 16 in columns "a." and "b."

**Line 1** — Enter estimated amounts needed to cover administrative expenses. Do not include costs which are related to the normal functions of government. Allowable legal costs are generally only those associated with the purchase of land which is allowable for Federal participation and certain services in support of construction of the project.

**Line 2** — Enter estimated site and right(s)-of-way acquisition costs (this includes purchase, lease, and/or easements).

**Line 3** — Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.

**Line 4** — Enter estimated basic engineering fees related to construction (this includes start-up services and preparation of project performance work plan).

**Line 5** — Enter estimated engineering costs, such as surveys, tests, soil borings, etc.

**Line 6** — Enter estimated engineering inspection costs.

**Line 7** — Enter estimated costs of site preparation and restoration which are not included in the basic construction contract.

**Line 9** — Enter estimated cost of the construction contract.

**Line 10** — Enter estimated cost of office, shop, laboratory, safety equipment, etc. to be used at the facility, if such costs are not included in the construction contract.

**Line 11** — Enter estimated miscellaneous costs.

**Line 12** — Total of items 1 through 11.

**Line 13** — Enter estimated contingency costs. (Consult the Federal agency for the percentage of the estimated construction cost to use.)

**Line 14** — Enter the total of lines 12 and 13.

**Line 15** — Enter estimated program income to be earned during the grant period, e.g., salvaged materials, etc.

**Line 16** — Subtract line 15 from line 14.

**Item 17** — This block is for the computation of the Federal share. Multiply the total allowable project costs from line 16, column "c." by the Federal percentage share (this may be up to 100 percent; consult Federal agency for Federal percentage share) and enter the product on line 17.

OMB Approved No. 9348-0041

# BUDGET INFORMATION — Construction Programs

NOTE: Certain federal assistance programs require additional computations to arrive at the federal share of project costs eligible for participation. If such is the case you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Column a-b)
1. Administrative and legal expenses	\$ .00	\$ .00	\$ .00
2. Land, structures, rights-of-way, appraisals, etc.	\$ .00	\$ .00	\$ .00
3. Relocation expenses and payments	\$ .00	\$ .00	\$ .00
4. Architectural and engineering fees	\$ .00	\$ .00	\$ .00
5. Other architectural and engineering fees	\$ .00	\$ .00	\$ .00
6. Project inspection fees	\$ .00	\$ .00	\$ .00
7. Site work	\$ .00	\$ .00	\$ .00
8. Demolition and removal	\$ .00	\$ .00	\$ .00
9. Construction	\$ .00	\$ .00	\$ .00
10. Equipment	\$ .00	\$ .00	\$ .00
11. Miscellaneous	\$ .00	\$ .00	\$ .00
12. SUBTOTAL	\$ .00	\$ .00	\$ .00
13. Contingencies (sum of lines 1-11)	\$ .00	\$ .00	\$ .00
14. SUBTOTAL	\$ .00	\$ .00	\$ .00
15. Project (program) income	\$ .00	\$ .00	\$ .00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ .00	\$ .00	\$ .00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share). Enter the resulting federal share.	Enter eligible costs from line 16c. Multiply X _____ %		
		\$	\$ .00

Standard Form 424C (4-88)  
Prescribed by OMB Circular A-102

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**(RESERVED)**



**(RESERVED)**

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FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
NET MONTHLY INCOME STANDARDS  
(Effective October 1, 2004)

<u>Household Size</u>	<u>Income Limit</u>
1	\$ 910
2	1,175
3	1,440
4	1,705
5	1,989
6	2,272
7	2,537
8	2,802

Each additional member + 265

Computation of Income Eligibility Standards - The income eligibility limits for each household size are based on the sum of the Food Stamp Program net monthly income limits and the food stamp standard deduction amounts used for the contiguous United States.

Income Deductions - see 7 CFR 253.6(f)

Dependent Care Deduction - The current maximum allowable dependent care deduction is \$200 for dependent children under 2 years of age, and \$175 for all other dependents.

Earned Income Deduction - Households with earned income are allowed a deduction of 20 percent of their earned income.

Medicare Part B Medical Insurance Premium Deduction - Households that incur the cost of Medicare Part B medical insurance premiums are allowed a deduction for the monthly cost of the premium.

Child Support Deduction - Households that incur the cost of legally required child support to or for a non-household member are allowed a deduction for the amount of monthly child support paid.

## FOOD DISTRIBUTION PROGRAM

### SAMPLE WORKSHEET TO DETERMINE HOUSEHOLD CLAIM

**Head of Household:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Casefile # (If applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

[illegible]

\* From USDA Commodity File Listing

SAMPLE DEMAND LETTER FOR OVERISSUANCE

\_\_\_ First Notice  
\_\_\_ Second Notice  
\_\_\_ Third Notice

Case Number: \_\_\_\_\_

**Demand Letter for Overissuance**

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_:

After carefully checking your file, we've found that you received \$ \_\_\_\_\_ more in commodities than you were eligible to receive during the month(s) of \_\_\_\_\_. That is because \_\_\_\_\_. You should make every effort to pay the full amount you owe. If you can't pay the full amount now, we can arrange for installment payments. Just call the office at \_\_\_\_\_. It is important that you pay this claim or explain why you can't pay. If you fail to pay, your household may be disqualified from the Commodity Program. You can have a fair hearing of your case if you don't agree with our decision. At the hearing you will have a chance to explain why you disagree. A hearing officer will then render a decision.

To request a fair hearing call the office at the telephone number listed above or fill out the attached form return it to our office. Also call this number if you want to know more about how a fair hearing works.

Sincerely,

\_\_\_\_\_  
Name, Title

Rules for acceptance and participation in this program are the same for everyone without regard to sex, race, color, age, political beliefs, religion, disability or national origin.

SAMPLE COPY OF FORM FNS-7

FORM APPROVED OMB NO. 0584-0293

<b>U.S. DEPARTMENT OF AGRICULTURE - FOOD AND NUTRITION SERVICE</b> <b>DESTINATION DATA FOR DELIVERY OF</b> <b>DONATED FOODS</b> FNS Instruction 709-5 <b>SEE INSTRUCTIONS ON REVERSE</b>		TYPE OF ACTION <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> NEW           <input type="checkbox"/> CHANGE         </div> <div style="display: flex; justify-content: center;"> <input type="checkbox"/> DELETE         </div>	
According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it display a valid OMB control number. The valid OMB control number for this information collection is 0584-0293. The time required to complete this information collection is estimated to average .5 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.			
1. NAME OF STATE DISTRIBUTING AGENCY		2. DESTINATION (CITY) RECEIVING POINT	
4. CONSIGN TO		3. STATE IN WHICH DISTRIBUTING AGENCY IS LOCATED	
5. CARE OF		ENTITY NO.	
6. DELIVER TO (Street address, team track, warehouse, etc.)			
A. FOR RAIL DELIVERY		LIMITATIONS	
B. FOR TRUCK DELIVERY		LIMITATIONS	
7. SHIP BY (Shipment may be made by rail or truck unless one of the following is checked)		EXPLANATION OF NEED FOR THE RESTRICTION SHOWN	
<input type="checkbox"/> RAIL ONLY <input type="checkbox"/> TRUCK ONLY			
8. TITLE AND ADDRESS ONLY OF PERSON TO WHOM THE FORWARDING NOTICE AND DISTRIBUTION AGENCY CONSIGNEE RECEIPT (Form MP-209A) SHOULD BE SENT		9. TITLE AND ADDRESS ONLY OF PERSON TO WHOM THE NOTICE OF SHIPMENT SHOULD BE SENT	
SPECIMEN			
10. OUTLET(S) SERVED			
<input type="checkbox"/> NUTRITION PROGRAM FOR THE ELDERLY (TITLE III) <input type="checkbox"/> CHARITABLE INSTITUTIONS <input type="checkbox"/> CHILD CARE FOOD PROGRAM <input type="checkbox"/> SUMMER CAMPS <input type="checkbox"/> SCHOOLS <input type="checkbox"/> SUPPLEMENTAL FOOD PROGRAM <input type="checkbox"/> SUMMER FOOD SERVICE PROGRAM <input type="checkbox"/> NEEDY FAMILIES <input type="checkbox"/> OTHER (Specify) _____			
IF DESTINATION IS A WAREHOUSE, COMPLETE ITEMS 11 THROUGH 14			
11. TYPE OF WAREHOUSE		12. IF COMMERCIAL WAREHOUSE DELIVERY ACCEPTABLE BY	
<input type="checkbox"/> STATE OWNED AND OPERATED <input type="checkbox"/> COMMERCIAL		<input type="checkbox"/> TRANSFER OF TITLE <input type="checkbox"/> LOCAL PICKUP	
13. TYPE(S) OF STORAGE PROVIDED		14. HANDLING OF PERISHABLE FOODS (Check one)	
<input type="checkbox"/> DRY <input type="checkbox"/> REFRIGERATED <input type="checkbox"/> FREEZER		<input type="checkbox"/> SHIPMENT ALWAYS ENTIRELY UNLOADED AND PLACED IN STORAGE <input type="checkbox"/> PART OF SHIPMENT ALWAYS OR SOMETIMES DISTRIBUTED FROM CAR OR WAREHOUSE PLATFORM	
The above information is true and correct to the best of my knowledge and belief.			
15. DATE		16. SIGNATURE OF AGENCY REPRESENTATIVE	
<b>DESTINATION</b>  <b>DISTRIBUTING AGENCY</b> - Send the original, white, and yellow copies to the Food and Nutrition Service Regional Office; retain the green and pink copies.  <b>FNS REGIONAL OFFICE</b> - Send the original to the Kansas City ASCS Commodity Office and the yellow copy to the Food Distribution Division, retain the white copy.			

FORM FNS-7 (6-98) Previous editions obsolete

Electronic Form Version Designed in JetForm 5.01 Version

FNS HANDBOOK 501  
EXHIBIT N

### INSTRUCTIONS

It is important that a separate form be prepared for each destination (item 2) when delivery conditions require changes in elements of information in items 5, 6, 7, 8, or 9.

In the "Type of Action" entry, check one box only indicating whether the form is to provide data for: (1) a *NEW* destination, (2) notification of *CHANGE* in data for an existing receiving point, or (3) *DELETION* of a destination receiving point.

#### ITEM

- 1 Self-explanatory.
- 2 Name of the city to which shipment is to be made. Show State only if different from item 3.
- 3 Self-explanatory.
- 4 Enter the title of the Distributing Agency's representative who is accountable for distribution of donated foods. Names are not to be shown unless essential to the Distributing Agency's operation. The Entity Number is the code designation assigned by USDA for a destination receiving point, and will be filled in by the Distributing Agency each time the form is submitted. *(Prior to submitting the form for establishment of a new destination receiving point, the Distributing Agency will contact the FNS Regional Office and obtain an Entity Number.)*
- 5 If delivery at destination is to be accepted by the Distributing Agency's representative (shown in item 4), enter "Same as item 4." If delivery at destination is to be accepted by someone other than the representative shown in item 4, that person's title is inserted here. Names are not to be shown unless essential to the Distributing Agency's operation.
- 6 This item is used jointly with item 7 since the information to be supplied is dependent upon the method of shipment indicated in item 7.

A. For Rail Delivery - No entry is to be made unless delivery to a specific location is essential to program operations, e.g., the receiving warehouse is located on a rail siding. When an entry is necessary, the address shown shall include the specific location at which the car is to be placed for unloading. When reciprocal switching is not in

effect at the point of delivery, the name of the railroad which serves this location shall be shown. For example "Blank's Warehouse, ACL," or "Industrial siding, PPP." Where reciprocal switching is in effect at the point of delivery, no delivering carrier shall be specified. If delivery is to be made on a team track, the name of a specific team track shall not be shown unless it is essential to program requirements.

Limitations. Show limiting conditions, if any, at the destination point, e.g., "Cannot handle care over maximum length of 53 feet."

B. For Truck Delivery. Show exact street address for location at which delivery will be accepted. If same as for "Rail Delivery," enter "Same as for rail delivery."

Limitations. Show limiting conditions, if any, at the destination point, e.g., "12 1/2-foot clearance."

- 7 It is desirable that shippers be allowed to make shipment by either rail or truck so that the means of transportation can be selected which will result in least transportation costs. Distributing agencies may restrict the method of shipment only when necessary to their program operations. If a specific mode of transportation is shown, an explanation must be made of the need for the restriction.
- 8 If this person is the same as the one to whom the Notice of Shipment is sent, enter "Same as item 9." Names are not to be shown unless essential to the Distributing Agency's operations.
- 9 Self-explanatory. Names are not to be shown unless essential to the Distributing Agency's operations.
- 10 Indicate the outlet(s) to which distributions are made from this destination point.
- 11 12, 13, and 14 self-explanatory.
- 15 & 16 The Distributing Agency's representative (item 4) will complete these entries.

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
MONTHLY DISTRIBUTION GUIDE RATES BY HOUSEHOLD SIZE  
Effective: October 1, 2004

Household Size	1	2	3	4	5	6	7	8	
Commodity	Number of Items Per Month								Choices
BREAD, CEREAL, RICE, AND PASTA									
Cereal, Dry (all sizes)	1	2	3	4	5	6	7	8	Corn, Oat, Rice, Bran
Quick Oats (42 oz. package)	1 per 2 mos.	1	2	2	3	3	4	4	
Farina (14 oz. box)	1 per 2 mos.	1	2	2	3	3	4	4	
Macaroni & Cheese (1 package) <b>and</b> Macaroni (1 lb. box)	1	2	3	4	5	6	7	8	<b>NOTE: Pasta and rice may be substituted on a pound-for-pound basis. Any combination of pasta and rice cannot exceed 4 pounds per person.</b>  <b>EXCEPTION: Macaroni &amp; Cheese shall not exceed 1 package per person.</b>
<b>or</b>	1	2	3	4	5	6	7	8	
Macaroni (1 lb. box)	2	4	6	8	10	12	14	16	
<b>or</b>									
Spaghetti (2 lb. box)	1	2	3	4	5	6	7	8	
Rice (2 lb. package)	1	2	3	4	5	6	7	8	
Egg Noodles (1 lb. package)	1	2	3	4	5	6	7	8	
Cornmeal <b>or</b> All Purpose Flour <b>or</b> Whole Wheat Flour (5 lb. bag)	2	4	6	8	10	12	14	16	
Bakery Mix (5 lb. bag)	1 per 4 mos.	1 per 2 mos.	1	1	2	2	2	2	
Saltine Crackers (1 lb. box)	1 per 2 mos.	1	2	2	3	3	4	4	



FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
MONTHLY DISTRIBUTION GUIDE RATES BY HOUSEHOLD SIZE  
Effective: October 1, 2004

Household Size	1	2	3	4	5	6	7	8	
Commodity	Number of Items Per Month								Choices
VEGETABLES									
Canned Vegetables (#300 can)	9	18	27	36	45	54	63	72	Carrots, Corn Kernel, Corn Cream, Green Beans, Peas, Potatoes, Spinach, Mixed Vegetables, Sweet Potatoes, Pumpkin, Diced Tomatoes, Tomato Sauce
Spaghetti Sauce (#300 can)	1	2	3	4	5	6	7	8	
Dehydrated Potatoes (1 lb. package)	1	2	3	4	5	6	7	8	
Canned Soups (#1 can)	2	4	6	8	10	12	14	16	Tomato, Vegetarian Vegetable
FRUIT									
Canned Fruit (#300 can)	9	18	27	36	45	54	63	72	Applesauce, Apricots, Peaches, Pears, Pineapple, Fruit Cocktail
Dried Fruit (15-16 oz. package)	1	2	3	4	5	6	7	8	Dried Plums, Raisins
Canned Juice (46 oz. can)	3	6	9	12	15	18	21	24	Apple, Grape, Grapefruit, Orange, Pineapple, Tomato, Cranberry-based
NOTE: May substitute 1 can of vegetable for 1 can of fruit, up to 4 cans of fruit per person.									

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
MONTHLY DISTRIBUTION GUIDE RATES BY HOUSEHOLD SIZE  
Effective: October 1, 2004

Household Size	1	2	3	4	5	6	7	8	
Commodity	Number of Items Per Month								Choices
MEAT, POULTRY, FISH, DRY BEANS, EGGS, AND NUTS									
Canned Meat/Poultry/Fish (12-30 oz. can) or Canned Meat/Poultry/Fish (1.8 lb. can) and Frozen Ground Beef * (1 lb. package) or Canned Meat/Poultry/Fish (1.8 lb. can) and Frozen Ground Beef * (1 lb. package) and Frozen Cut-up Chicken* (approx. 2.50-3.75 lb. package)	3  1  3  1  1  1	6  2  6  2  2  2	9  3  9  3  3  3	12  4  12  4  4  4	15  5  15  5  5  5	18  6  18  6  6  6	21  7  21  7  7  7	24  8  24  8  8  8	Beef, Luncheon Meat, Chunky Beef Stew, All-White Meat Turkey, Tuna  <b>* Frozen Ground Beef and Frozen Chicken are available only to approved ITOs and SAs determined eligible to receive these products.</b>  <b>Substitution Rates:</b> 1 can of meat/poultry/fish = 2 frozen ground beef = 1 frozen chicken
NOTE: Households may apply the substitution rates up to the following maximum rates of issuance: 3 cans of meat/poultry/fish per person; 3 frozen ground beef per person; 1 frozen chicken per person. Canned products 15.5 oz. or smaller are issued on a 2 for 1 basis.									
Dry Beans (2 lb. bag)	1	2	3	4	5	6	7	8	Pinto, Great Northern, Baby Lima
Canned Vegetarian Beans (#300 can) or Canned Lowfat Refried Beans (#300 can) or Canned Kidney Beans (#300 can)	2	4	6	8	10	12	14	16	NOTE: May be substituted on a pound-for-pound basis.
All Purpose Egg Mix (6 oz. package)	2	4	6	8	10	12	14	16	
Smooth Peanut Butter (18 oz. package) or Roasted Peanuts (12 oz. can)	1  1	2  2	3  3	4  4	5  5	6  6	7  7	8  8	

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
MONTHLY DISTRIBUTION GUIDE RATES BY HOUSEHOLD SIZE  
**Effective: October 1, 2004**

Household Size	1	2	3	4	5	6	7	8	
Commodity	Number of Items Per Month								Choices
MILK, YOGURT, AND CHEESE									
Block Process American Cheese <b>or</b> Sliced Reduced-fat Cheese Blend (5 lb. loaf)	1 per 2 mos.	1	2	2	3	3	4	4	
Evaporated Milk (12 oz. can)	4	8	12	16	20	24	28	32	
Instant Nonfat Dry Milk (25.6 oz. box)	1 per 2 mos.	1	2	2	3	3	4	4	NOTE: <u>No</u> substitutions with evaporated milk.
FATS, OILS, AND SWEETS									
Shortening (3 lb. can) <b>or</b> Vegetable Oil (48 fl. oz.) <b>or</b> Butter (1 lb. print)	1 per 2 mos.  1 per 2 mos.  2	1  1  3	2  2  6	2  2  6	3  3  9	3  3  9	4  4  12	4  4  12	NOTE: May be substituted on a pound-for-pound basis.
Corn Syrup (24 oz. plastic)	1 per 2 mos.	1	2	2	3	3	4	4	

**(RESERVED)**

1

SAMPLE COPY OF FORM FNS-52

INSTRUCTIONS

ITEM

**STATE**-Enter the name of the State in which the Distributing Agency is located.

**DISTRIBUTING AGENCY**-Enter the name of the Distributing Agency.

**UNITS OR POUNDS**-Place an "X" in the applicable box.

**TYPE OF ACTION**-Place an "X" in the applicable box.

The numbered blocks will be keyed by FNS Regional Office, as outlined below. The numbers appearing in parentheses after the block title show the maximum number of characters that may be keyed.

BLOCK

1. **COMMODITY**-Enter the short title as provided by the FNS Regional Office. (This must be identical to the short title given in the FNS commodity file.)
2. **D/A CODE**-Enter the three digit code number of the Distributing Agency.
3. **DELIVERY YEAR**-Enter the alphabetical designation, provided by FNS Regional Office, for delivery year in which shipment is to be made, regardless of outlet. For example, all orders requested for shipment between 7/1/82 and 6/30/83 should have a delivery year code D, for all outlets.
4. **FISCAL YEAR OF PURCHASE**-Enter the fiscal year during which the commodity will be purchased. This information is provided in allocations for Group A foods and for Group B foods through a separate coding sheet available from FNS.
5. **SECTION OF PUBLIC LAW**-Enter the section of the public law as advised by the FNS Regional Office.
6. **REQUISITION NUMBER**-Leave blank. This space for FNS use only.
7. **STAMP DATE**-Leave blank. This space for FNS use only.
8. **DELIVERY YEAR**-Order numbers assigned by the Distributing Agency should be expressed in three digits, beginning with 001 for each food unless instructed differently by FNS Regional Office. If a destination change is necessary to the original order, the original order must be cancelled and the changed order would carry the original order number plus an alphabetical suffix, A, B, or C. Suffixes D, E, etc. are used for other types of delivery order changes, such as when it is necessary to split one delivery order into two or more. If it is necessary to cancel an order for any

reason other than a destination change after it has been processed by the Kansas City ASCS Field Office (KCFO), the order number shall not be reused; if replacement is necessary, use a new order number.

9. **ALLOCATION NUMBER**-Enter the allocation number provided by the FNS Regional Office.
10. **ENDING SHIPPING/DELIVERY DATE**-The final day of the shipping/delivery period is required. States may show entire requested shipping/delivery period if desired.
11. **PLANNED PROGRAM USAGE BY OUTLET, ADJUSTMENT CODE AND QUANTITY**-Enter approved codes for planned program usage as provided by FNS Regional Office. Enter the number of Units or Pounds requested for each outlet. The total of the outlet quantities must equal the quantity shown in the TOTAL QUANTITY column (Block 12). Each planned usage outlet may have one approved adjustment code, if needed.
12. **TOTAL QUANTITY**-Total quantity must equal the sum of the quantities shown in the Quantity columns in Block 11.
13. **REDONATION CODE**-If commodity is to be redonated at USDA expense, as approved by the FNS Regional Office, enter "R". If redonation is for information only, enter "S".
14. **DESTINATION**-(Entry Code, Check Digit Code and City). Entry and check digit codes provided by KCFO for each given destination must be used. If the city name is less than 7 digits, the State 2-letter code must also be shown. If it is necessary to change the destination for an order already submitted to KCFO, please follow the instructions for Block B, Delivery Order Number.

**REMARKS**-For use by the Distributing Agency or the FNS Regional Office. Remarks will be key entered at the FNS Regional Office using established codes for standard remarks, combined code and message, or free form message. Remarks should be written or typed on the form on the appropriate order number line. Established remarks codes are available through FNS Regional Office.

DISTRIBUTION

1. The Distributing Agency shall retain the pink copy and forward the original and other copies (with carbon inserts) to the FNS Regional Office. If any remarks are given, the last remarks page may also be kept by the Distributing Agency as a record.
2. After approval by the FNS Regional Office, a buff copy shall be returned to the Distributing Agency.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-0293. The time required to complete this collection is estimated to average 2 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection.

SAMPLE COPY OF FORM FNS-53

FORM APPROVED OMB NO. 0584-0289

Public reporting burden for this collection of information is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRB, Room 404-W, Washington, D.C. 20250; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

U.S. DEPARTMENT OF AGRICULTURE MULTI-FOOD REQUISITION (SEE INSTRUCTIONS ON REVERSE)				QUARTER		STATE OR ITO		DISTRIBUTING AGENCY		AVERAGE PARTICIPATION							
1 D/A CODE		2 DELIVERY YEAR		3 F/R - D/O NO.		4 OUTLET		5 ENTITY CODE		6 CITY		7 DELIVERY PERIOD		8 REMARKS		9 DELETE ADD CHANGE	
10 COMMODITY CODE	10 COMMODITY DESCRIPTION (USE SHORT TITLE)	11 EST. COST PER LB.	12 PACK TYPE	12 NET WT. PER UNIT (CASE)	13 QTY. REQ. CASES	14 TOT. NET WEIGHT (LBS.)	15 TOTAL VALUE (\$)	16 ADJ. CODE	17 SECT. LAW	18 REDO							
A060	BEANS GREEN 303		24/303	2340													
A080	BEANS VEG 300		24/300	2400													
A095	CARROTS		24/303	2400													
A120	CORN CREAM		24/303	2400													
A121	CORN KERNEL		24/303	2400													
A135	LENTILS		12/2	2400													
A145	PEAS 303		24/303	2400													
A183	PUMPKIN		24/303	2400													
A186	SPINACH		24/303	2250													
A189	POTATOES 303		24/303	2400													
A196	POTATOES DEHY 12		12/1	1200													
A221	SWEET POTATOES 303		24/303	2400													
A244	TOMATO SAUCE 300		24/300	2250													
A248	TOMATOES 303		24/303	2400													
A251	SYRUP P		12/24	2585													
A280	GRAPEFRUIT J		12/46	3700													
A282	APPLE J		12/46	3750													
A285	GRAPE J		12/46	3800													
DISTRIBUTING AGENCY CERTIFICATION											FOOD AND NUTRITION SERVICE APPROVAL						
DATE											SIGNATURE						
REGIONAL OFFICE											DATE						
SIGNATURE											SIGNATURE						

FNS HANDBOOK 501  
EXHIBIT Q-1

D/A CODE			DELIVERY YEAR		F/R-D/O NUMBER		DELIVERY PERIOD			
9 COMMODITY CODE	10 COMMODITY DESCRIPTION (USE SHORT TITLE)	11 EST. COST PER LB.	PACK TYPE	12 NET WT. PER UNIT (CASE)	13 QTY. REQ. CASES	14 TOT. NET WEIGHT (LBS.)	15 TOTAL VALUE (\$)	16 ADJ. CODE	17 SECT. LAW	18 REDO
A286	PINEAPPLE J		12/48	37.70						
A280	TOMATO J		12/48	36.50						
A300	ORANGE J		12/48	37.50						
A385	APPLESAUCE 303		24/303	24.00						
A401	F COCKTAIL 303		24/303	24.00						
A412	PEACHES CLING 303		24/303	24.00						
A439	PEARS 303		24/303	24.00						
A446	PINEAPPLE 2		24/2	30.00						
A461	PLUMS 303		24/303	24.00						
A480	PRUNES 1		24/1	24.00						
A502	RAISINS 48		48/1	48.00						
A580	POULTRY CND		24/29	43.50						
A582	CHICKEN CND		24/29	43.50						
A570	EGG MIX 6		48/6	18.00						
A587	STEW CND		24/24	36.00						
A589	STEW 24/15		24/15	22.50						
A610	BEEF NJ		24/29	43.50						
A617	LUNCHEAT P 24		24/30	45.00						
A619	LUNCHEAT 24		24/30	45.00						
A630	PORK NJ		24/29	43.50						
A740	TUNA 12.5		24/12.50	18.75						
A741	TUNA 12.25		24/12.25	18.37						
A800	SALMON PINK		48/14.75	44.25						
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FNS-53 (8-93)

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FNS HANDBOOK 501  
EXHIBIT Q-1

D/A CODE		DELIVERY YEAR			F/R-D/O NUMBER		DELIVERY PERIOD			
9 COMMODITY CODE	10 COMMODITY DESCRIPTION (USE SHORT TITLE)	11 EST. COST PER LB.	PACK TYPE	12 NET WT. PER UNIT (CASE)	13 QTY. REQ. CASES	14 TOT. NET WEIGHT (LBS.)	15 TOTAL VALUE (\$)	16 ADJ. CODE	17 SECT. LAW	18 REDO
A910	BEANS BLUKEYE 2		12/2	24.00						
A912	BEANS B LIMA 2		12/2	24.00						
A914	BEANS PINTO 2		12/2	24.00						
A917	BEANS GRT NORTH 2		12/2	24.00						
A918	BEANS NAVY PEA 2		12/2	24.00						
A920	BEANS LT KIDNEY 2		12/2	24.00						
A922	PEAS SPLIT 2		12/2	24.00						
B050	BUTTER 36		36/1	36.00						
B060	CHEESE 30		6/5	30.00						
B081	EVAP 12		48/12	40.00						
B090	INSTANT 24		6/4	24.00						
B137	CORNMEAL 5 DEG		10/5	50.00						
B141	CORNMEAL 10 DEG		5/10	50.00						
B160	FARINA		24/14	21.00						
B161	CEREAL INFANT R8		12/8	8.00						
B162	FORMULA SOY DRY		6/14	6.25						
B163	FORMULA SOY 12		12/13	10.75						
B165	FORMULA		24/13	21.50						
B166	FORMULA SOY		24/13	21.50						
B167	FORMULA POWDER		12/1	12.00						
B168	FORMULA POWDER 6		6/1	6.00						
B178	FLOUR AP 5		10/5	50.00						
B180	FLOUR AP 10		5/10	50.00						
B228	FLOUR B 5		10/5	50.00						

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D/A CODE		DELIVERY YEAR		F/R-D/O NUMBER		DELIVERY PERIOD				
9 COMMODITY CODE	10 COMMODITY DESCRIPTION (USE SHORT TITLE)	11 EST. COST PER LB.	PACK TYPE	12 NET WT. PER UNIT (CASE)	13 QTY. REQ. CASES	14 TOT. NET WEIGHT (LBS.)	15 TOTAL VALUE (\$)	16 ADJ. CODE	17 SECT. LAW	18 REDO
B230	FLOUR B 10		5/10	50.00						
B240	FLOUR WW 5		10/5	50.00						
B250	FLOUR WW 10		5/10	50.00						
B307	FLOUR MIX		6/5	30.00						
B402	HONEY 24		24/24	36.00						
B415	MACARONI 1		24/1	24.00						
B445	OATS 3		12/3	36.00						
B470	PE 2		24/2	48.00						
B601	ROASTED 12		24/12	18.00						
B610	RICE 2		24/2	48.00						
B670	WHEAT 3		12/3	36.00						
B688	VEG OIL 48		10/5	23.10						
B720	SHORT 3		12/3	36.00						
B835	SPAGHETTI 2		12/2	24.00						
B850	CEREAL CORN		24/18	27.00						
B851	CEREAL CORN 16		14/18	14.00						
B852	CEREAL CORN 17.5		12/17.5	13.13						
B860	CEREAL OATS		24/15	22.50						
B881	CEREAL OATS 16		12/16	12.00						
B884	CEREAL RICE		24/13	19.50						
B888	CEREAL RICE 12		12/13	9.75						
B887	CEREAL RICE 17.5		12/17.5	13.13						
B870	CEREAL WHEAT		24/18	27.00						
B871	CEREAL WHEAT 16		12/16	12.00						

FNS-63 (8-93)

## INSTRUCTIONS

### (For State Distributing Agency or Indian Tribal Organization)

#### ITEM:

**QUARTER** - Enter the Quarter provided by the FNS Regional Office for School Year in which shipment is to be made. Example: Q1 (for January, February, or March); Q2, Q3, or Q4.

**STAFF** - Enter the two-letter State Code in which the Distributing Agency is located. Example: For UTE Mountain Tribe in Colorado you would enter CO.

**NAME OF DISTRIBUTING AGENCY** - Enter the name of the Distributing Agency.

**AVERAGE PARTICIPATION** - Enter the average number of participants served by the program.

**TYPE OF ACTION** - Place an "X" in the applicable category. (Delete, Add, or Change)

#### BLOCK:

1. **DA CODE** - Enter the three-digit code number of the Distributing Agency.
  2. **DELIVERY YEAR (ALPHA)** - Enter the alphabetical designation provided by the FNS Regional Office for the School Year in which shipment is made.
  3. **FOOD REQUISITION/DELIVERY ORDER NUMBER** - Use the same number for both categories. Assign numbers unless advised by the FNS Regional Office. The numbers should begin with 501 each school year, continuing numerically through 899.
  4. **OUTLET** - Enter the appropriate outlet as follows: CSFP for Community Supplemental Food Program; FDR for Food Distribution Program on Indian Reservations.
  5. **ENTITY CODE** - The entity code is provided by the Kansas City Commodity Office (KCCO) for each given destination.
  6. **CITY** - The City should be spelled out in its entirety.
  7. **DELIVERY PERIOD (NUMERICAL)** - Enter the beginning and ending delivery period desired. First half: 01/15/93. Second half: 01/ 31/93.
  8. **REMARKS** - For use by the Distribution Agency or the Regional Office. Indicate (by city) if shipment should be combined. Example: "Combine w/Rochester." Also list information important for KCCO to receive such as "No deliveries on Friday."
  9. **COMMODITY CODE** - Items are preprinted. If new item, check with FNS Regional Office for correct code.
  10. **COMMODITY DESCRIPTION "SHORT TITLE"** - Items are preprinted. If new item, check with FNS Regional Office for correct short title.
  11. **ESTIMATED COST PER POUND** - Optional entry. Cost per pound of a commodity.
  12. **NET WEIGHT PER UNIT (CASES/BALERS)** - Items are pre-printed.
  13. **QUANTITY REQUESTED** - (CASES/BALERS: Enter the number of full cases/balers requested.
  14. **TOTAL NET WEIGHT PER ORDER (POUNDS)** - Enter net pack weight per order (pounds). Net pack weight x units requested = Net weight per order. Total weight per truckload should not exceed 36,000 pounds net weight. Weight must be adjusted downward when ordering bulky light weight items such as adult cereal.
  15. **TOTAL VALUE** - Optional entry. Total net weight x estimated cost equals total value.
- The following categories should be left blank, for FNS Regional Offices or FNS Headquarters to complete:
16. **ADJUSTMENT CODE** - (Leave Blank)
  17. **SECTION LAW** - (Leave Blank)
  18. **REDONATION CODE** - (Leave Blank)

**DISTRIBUTING AGENCY CERTIFICATION** - The person who executed the "Agreement for Distribution" and use of Donated Commodities (Form FNS-51) on behalf of the Distributing Agency, or his/her designee, shall sign and date here in ink or indelible pencil.

### (For FNS Regional Office)

#### BLOCK:

3. **DELIVERY ORDER/FOOD REQUISITION NUMBER** - Begin with 501, continuing numerically through 899.
8. **REMARKS** - Optional.
16. **ADJUSTMENT CODE** - Refer to IT instructions for appropriate adjustment codes and their use.
17. **SECTION LAW** - Commodity Supplemental Food Program (CSFP) - 17 Food Distribution Program on Indian Reservations (FDR) - 4.
- Bonus Commodities** - 416 (Verify with FNS Headquarters for an updated list of bonus commodities and eligible outlets)
18. **REDONATION CODE** - Refer to IT instructions for appropriate redonation codes and their use.

**FOOD AND NUTRITION SERVICE APPROVAL** - The FNS Regional Office employee who is authorized to approve Food Requisitions will show the appropriate Regional Office (SERQ, MPRO, etc.) and sign and date. This approval by Regional Office indicates that States or Tribal Territory levels have been checked out and the orders have been prepared in accordance with these instructions.

#### DISTRIBUTION:

1. The Distribution Agency shall retain one copy and forward the original and other copies with carbon inserts to the FNS Regional Office.
2. After approval for multi-food shipments, the FNS Regional Office will send one copy with any changes to the Distribution Agency. The Regional Office will retain the original.

**(RESERVED)**

SAMPLE COPY OF FORM FNS-57

FORM APPROVED OMB NO. 0584-0293

U.S. DEPARTMENT OF AGRICULTURE - FOOD AND NUTRITION SERVICE

REPORT OF SHIPMENT RECEIVED OVER, SHORT AND/OR DAMAGED

SEE INSTRUCTIONS ON REVERSE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. the valid OMB control number for this information collection is 0584-0293. The time required to complete this information collection is estimated to average 5 minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection.

SECTION A - SHIPMENT IDENTIFICATION AND UNLOADING INFORMATION

1. NAME OF COMMODITY	2. TYPE OF PACK	3. CONTRACT NO.	4. DESTINATION CITY AND STATE
5. DELIVERY ORDER NO.	6. NOTICE TO DELIVER NO.	7. METHOD OF DELIVERY <input type="checkbox"/> RAIL <input type="checkbox"/> TRUCK <input type="checkbox"/> PIGGYBACK	8. RR CAR, TRUCK, OR PIG NO.
9. UNLOADED STARTED (Date and Time)			10. OCEAN BILL OF LADING NO. (Overseas Shipment Only)
COMPLETED (Date and Time)			

SECTION B - OVERAGE, SHORTAGE, AND/OR DAMAGE

11. QUANTITY					
A. REPORTED SHIPPED	B. AMOUNT RECEIVED IN GOOD CONDITION	C. OVER	D. SHORT	E. DAMAGED	F. HIDDEN DAMAGE
12A. DAMAGE/OVERAGE/SHORTAGE WHEN DISCOVERED <input type="checkbox"/> BEFORE UNLOADING <input type="checkbox"/> DURING UNLOADING <input type="checkbox"/> AFTER UNLOADING		12B. HOW DISCOVERED <input type="checkbox"/> UNLOADING TALLY <input type="checkbox"/> PHYSICAL RECOUNT <input type="checkbox"/> OTHER		13. CARRIER'S AGENT PRESENT DURING UNLOADING <input type="checkbox"/> YES <input type="checkbox"/> NO	
14. DOOR SEAL NUMBERS					
A. INBOUND NUMBERS AND CONDITION OF SEALS			B. OUTBOUND SEAL NUMBERS (If Applicable)		
15. CARRIER'S AGENT NOTIFICATION					
A. NAME OF AGENT	C. HOW NOTIFIED <input type="checkbox"/> IN PERSON <input type="checkbox"/> FAX <input type="checkbox"/> TELEPHONE <input type="checkbox"/> E-MAIL		16. DID CARRIER'S AGENT RESPOND TO NOTIFICATION? <input type="checkbox"/> YES (In what way) <input type="checkbox"/> NO (Explain)		
B. DATE NOTIFIED					
17. COMPLETE IF APPLICABLE					
A. WAS MECHANICAL REFRIGERATION, EQUIPMENT OPERATING <input type="checkbox"/> YES <input type="checkbox"/> NO			B. TEMPERATURE OF REFRIGERATION UNIT/INTERIOR TEMP/COMMODITY		

CONSIGNEE CERTIFICATION

I CERTIFY the information and statements above are, to the best of my knowledge and belief, true and correct.

DATE SIGNATURE OF CONSIGNEE OR REPRESENTATIVE

CARRIER CERTIFICATION

Receipt of a copy of this report is hereby acknowledged and the facts contained herein are verified.

SIGNATURE OF CARRIER'S AGENT NAME AND ADDRESS OF CARRIER

DATE CARRIER REMARKS

REMARKS (If DAMAGED, PLEASE INDICATE NATURE AND DISPOSITION OF THE DAMAGE)

**FNS HANDBOOK 501**  
**EXHIBIT S**

**INSTRUCTIONS**

This report is to be prepared whenever a shipment is received over, short, and/or damaged.

**SECTION A - SHIPMENT IDENTIFICATION/  
UNLOADING INFORMATION**

This section will be completed at all times to identify the shipment being reported as over, short and/or damaged.

**ITEM**

1. Self-explanatory.
2. Show type of pack, such as case 6/10's, case 12/No. 3 cylinders, 50# bag, etc.
3. Self-explanatory.
4. Self-explanatory.
5. Record Delivery Order No including Commodity Code.
6. Record the Notice to Deliver No. shown in the space marked "N/D No." in the upper right on the KCCO 269A.
7. Check applicable box.
8. Record railroad car number, truck, or piggyback number.
9. Record date and time unloading started, and date and time unloading was completed.
10. When applicable, record the ocean bill of lading number, (For Overseas Shipments ONLY)

**SECTION B - OVERAGE, SHORTAGE, AND/OR  
DAMAGE**

When a shipment is received over, short, and/or damaged, items 11 through 16 should be completed.

- 11A. Record the number of units shown on the (KCCO) 269A. Forwarding Notice.
- 11B. Record the number of units received.
- 11C. Record the number of units received over the quantity reported shipped on the 279A.
- 11D. Record the number of units received short of the quantity reported shipped on the 269A.

11E. Record the number of units received damaged of the quantity reported shipped on the 269A.

11F. Record the number of units received damaged of the quantity reported shipped on the 269A after unloading.

12A. Check applicable box.

12B. Show the information that will establish proof that the shipment was actually over, short, and/or damaged.

13. Check applicable box to show whether or not carrier's agent was present from time car or truck was opened until unloading was completed.

14A. Record the inbound seal numbers on all doors and the condition of the seals. If shipment was made and not sealed, show "no seals."

14B. If applicable, intermediate consignees on split shipments shall record the seal numbers placed on all doors.

15A,B, C. Complete all three items.

16. If the "yes" box is checked, explain how the agent responded (for example: made personal inspection; advised that they would not be available; advised consignee's inspection would suffice, etc.)

If the carrier's agent did not respond, explain why (for example: no agent available; refused to inspect; did not acknowledge, etc.)

17A. Check applicable boxes.

17B. Record the temperature of the refrigeration unit located on the outside of the trailer, interior temp/ commodity.

**CONSIGNEE'S CERTIFICATION**

Self-explanatory.

**CARRIER'S CERTIFICATION**

Request that the carrier's agent complete these items, if the agent refuses, and if available, request a copy of the carrier's S&D report. If the carrier does not have a report make the following notation "Agent (insert name of driver) of (insert name of carrier) did not agree with this report. The reason for the dispute is (give brief explanation). A copy of the report was given to him/her on (insert date)." If the carrier's signature cannot be obtained within 10 days or if the carrier is not available, make the following notation "carrier did not respond" or carrier is not available."

**NOTE:** Only one form needs to be completed for a consolidation shipment. Make sure all overages, shortages and damages are fully explained. If necessary please attach a separate sheet. Item 6 - please list the consolidation number rather than the ND.

FNS HANDBOOK 501  
EXHIBIT T

SAMPLE COPY OF FORM KC-269-A

<b>KC-269-A (1-15-89)</b>		U. S. DEPARTMENT OF AGRICULTURE Kansas City FSA Commodity Office		FORM APPROVED - OMB No. 056 0-0043					
<b>FORWARDING NOTICE</b>				DATE 10/19/98		CONTRACT No. OR WHSE CODE 12029302501		N.C. No. VDO20259242	
PAGE 1 OF 1				DOCKET		ANNOUNCEMENT LS58		INVITATION 914	
HAS BEEN INSTRUCTED TO DELIVER THE FOLLOWING COMMODITY				PC 8		BY 99		COMM CODE 2510	
COMMODITY DESCRIPTION BEEF, COARSE GROUND, REPROCESS				SERVICING CARRIER		CERTIFICATE No.		GRADE FOB OR FAS DESTIN	
MAILING ADDRESS OF SHIPPER FRESNO MEAT COMPANY 3115 S. FIG AVENUE P.O. BOX 12807 FRESNO CA 93779				LOCATION OF SHIPPER FRESNO MEAT COMPANY 3115 S. FIG AVENUE P.O. BOX 12807 FRESNO CA 93706				PHONE 209-265-4380 <b>6</b>	
*NOTE: Emission all differences between billed and received weight on reverse									
<b>WAREHOUSE LOT IDENTIFICATION -</b>									
LOT No.	PC	PY	COMM CODE	SIZE-TYPE UNITS	No. OF UNITS	NET WEIGHT	GROSS WEIGHT	CERTIFICATE No.	EX N D No.
<b>FINAL CONSIGNEE AND DESTINATION I 446185</b>									
TC 510	DESTINATION CITY & STATE SEE BELOW			DISPOSITION NUMBER A594124YO10C	SIZE-TYPE UNITS 60 LB CTN	UNITS 700	NET WEIGHT 42.000	GROSS WEIGHT 43.400	DELY CARR
<div style="display: flex; justify-content: space-between;"> <div> C/O TRUCK DELY LOC PIERRE SPECIALTY FOODS C/O INTERSTATE WAREHOUSING 110 DISTRIBUTION DRIVE   HAMILTON OH 45014 CALL 24 HOURS IN ADVANCE FOR APPOINTMENT CONTACT RECEIVING DEPT PHONE 513-874-6500   CONSIGNEE RECEIPT FOR </div> <div> C/O RAIL DELY LOC           UNITS RECEIVED </div> <div> DATE REC'D           RECEIVED BY (SIGNATURE &amp; TITLE) </div> <div> CONSIGN TO MARYLAND DEPARTMENT OF EDUCATION           CONTACT AUSTIN SMITH PHONE 410-767-0206 FAX 410-333-2635 </div> </div>									
<b>WAREHOUSE LOT IDENTIFICATION -</b>									
LOT No.	PC	PY	COMM CODE	SIZE-TYPE UNITS	No. OF UNITS	NET WEIGHT	GROSS WEIGHT	CERTIFICATE No.	EX N D No.
<b>CONSIGNEE AND DESTINATION II</b>									
TC	DESTINATION CITY & STATE			DISPOSITION NUMBER	SIZE-TYPE UNITS	UNITS	NET WEIGHT	GROSS WEIGHT	DELY CARR
<div style="display: flex; justify-content: space-between;"> <div>CONSIGNEE RECEIPT FOR</div> <div>UNITS RECEIVED</div> <div>DATE REC'D</div> <div>RECEIVED BY (SIGNATURE &amp; TITLE)</div> </div>									
<b>ROUTING - To Order Equipment Phone</b>									
FOR MORE INFO PHONE JANE COLEMAN 816 926 2607						UNITS 700	NET WEIGHT 42.000	GROSS WEIGHT 43.400	
FOR TRANSPORTATION INFO PHONE 000 0000						SHIP NET 11/08/98	SHIP NLT 11/21/98	*****	
SHOW ON B/L: VENDOR/TRUCKER MUST CONTACT CONSIGNEE AT LEAST 24 HOURS BEFORE DELIVERY FOR APPOINTMENT TO UNLOAD.									

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EXHIBIT T

KC-269-A (REVERSE)

PAGE 02

SECTION I REPORT OF CARGO OVER, SHORT, AND/OR DAMAGED									
<small>NOTE: No further monies or other benefits may be paid out under this program unless this report is completed and filed, when necessary, as required by existing laws and regulations (PL-806).</small>									
COMMODITY			DESTINATION			N/D NUMBER			
NAME AND ADDRESS OF SHIPPER					QUANTITY		WEIGHT PER UNIT		
					BILLED		RECEIVED		
A. OVERAGE		B. SHORTAGE (SUBMIT COPY OF UNLOADING TALLY SHEET)							
1. NUMBER OF UNITS OVER		1. NO. UNITS SHORT		2. SEAL NUMBER (BOTH DOORS)		<input type="checkbox"/> SEALS INTACT <input type="checkbox"/> SEALS BROKEN		3. SHORTAGE DISCOVERED	
								<input type="checkbox"/> BEFORE UNLOADING <input type="checkbox"/> DURING UNLOADING <input type="checkbox"/> AFTER UNLOADING	
2. DISPOSITION		4. CAR UNLOADED FROM							
		<input type="checkbox"/> A. CAR TO PIER <input type="checkbox"/> B. CAR TO LIGHTER <input type="checkbox"/> C. FLOAT TO PIER <input type="checkbox"/> D. FLOAT TO SHIP <input type="checkbox"/> E. CAR TO WAREHOUSE <input type="checkbox"/> F. TEAM TRUCK VIA TRUCK TO WAREHOUSE <input type="checkbox"/> G. IF (E) OR (F), S CHECKED SHOW DISTANCE							
		5. DESCRIBE LOAD BY TIERS AND STATE LOCATION OF TIERS IN WHICH SHORTAGE WAS FOUND							
		6. WAS LOAD UNITIZED (PALLETS/SHRINK WRAPPED) <input type="checkbox"/> YES <input type="checkbox"/> NO							
		7. PROTECTION AFFORDED SHIPMENT DURING UNLOADING							
C. DAMAGE									
1. NUMBER OF UNITS		2. NATURE OF DAMAGE				3. APPARENT CAUSE			
A. DAMAGED		B. RECOVERED							
4. NET LOSS DUE TO DAMAGE (LBS)		5. DISPOSITION OF DAMAGED COMMODITY				6. RECONDITIONING CHARGES			
						AMOUNT		B. BILLED TO	
7. GENERAL CONDITIONS									
A. LOAD PROPERLY BULKHEADED OR BRACED <input type="checkbox"/> YES <input type="checkbox"/> NO		B. LOAD SHIFTED OR JUMBLED <input type="checkbox"/> YES <input type="checkbox"/> NO				9.A. CARRIER NOTIFIED: <input type="checkbox"/> YES <input type="checkbox"/> NO			
8. IF PERISHABLE COMMODITY, SUPPLY FOLLOWING INFORMATION						B. PERSON NOTIFIED			
A. NO. OF HEATERS		B. NO. OF HEATERS BURNING		C. TEMP. ON ARRIVAL		C. DATE		D. NOTIFIED BY	
				INSIDE CAR				<input type="checkbox"/> WIRE <input type="checkbox"/> PHONE <input type="checkbox"/> LETTER <input type="checkbox"/> FAX	
				OUTSIDE CAR					
10. PHYSICAL CONDITION OF CAR OR TRUCK. IF NOT GOOD DESCRIBE FULLY						11. WEIGHTS SECURED <input type="checkbox"/> YES <input type="checkbox"/> NO			
						TYPE OF SCALE <input type="checkbox"/> COUNTER <input type="checkbox"/> PLATFORM <input type="checkbox"/> TRUCK <input type="checkbox"/> PORTABLE			
VERIFICATION OF DELIVERING CARRIER					CONSIGNEE				
NAME AND ADDRESS OF DELIVERING CARRIER					NAME AND ADDRESS OF CONSIGNEE				
SIGNATURE OF AGENT			DATE		SIGNATURE OF AGENT			DATE	
<small>NOTE: Copy of carrier's O.S. and D. report definitely stating loss, damage, or shortage must accompany this report when carrier does not verify, or condition his verification of this report. O.S. and D. reports containing "Consignee Claims" statements are not acceptable.</small>									
SECTION II WAREHOUSE OR CONSIGNEE RECEIPT (Non-Negotiable)									
CAR INIT. & NO. OR TRUCK LICENSE		STORAGE BEGIN DATE C.C.C.		DATE RECEIVED		PACK DATE (MONTH/YEAR)		TEMP. ON ARRIVAL	
REC'D IN GOOD CONDITION	NO. OF UNITS	GROSS WT. #	NET WT. #	WHSE CODE	LOT NO. ASSIGNED	RECEIVED FOR			
						<input type="checkbox"/> STORAGE <input type="checkbox"/> PROCESSING <input type="checkbox"/> OTHER			
<small>This is to certify that we have accepted from Agricultural Stabilization and Conservation Service the commodity shown herein which will be handled in accordance with terms and conditions of contracts or tariff whichever is applicable.</small>									
CONSIGNEE OR FACILITY NAME			AUTHORIZED SIGNATURE & TITLE			DATE			
<small>* NOTE - Explain all differences between billed and received weight</small>									
SECTION III DISTRIBUTING AGENCY CONSIGNEE RECEIPT									
CONSIGNEE I QUANTITY RECEIVED IN GOOD CONDITION			SEAL NUMBER		CONSIGNEE II QUANTITY RECEIVED IN GOOD CONDITION			<small>*NOTE - All shortages or damage must be reported on Form FNS-57. Send original copy to ASCS. Commodity Certificate attached to Consignee Receipt.</small>	
QUANTITY OVER	QUANTITY SHORT**	QUANTITY DAMAGED**			QUANTITY OVER	QUANTITY SHORT**	QUANTITY DAMAGED**		
SIGNATURE		DATE REC'D			SIGNATURE		DATE REC'D		
CONSIGNEE NOTIFIED? <input type="checkbox"/> YES <input type="checkbox"/> NO				CONSIGNEE NOTIFIED? <input type="checkbox"/> YES <input type="checkbox"/> NO					

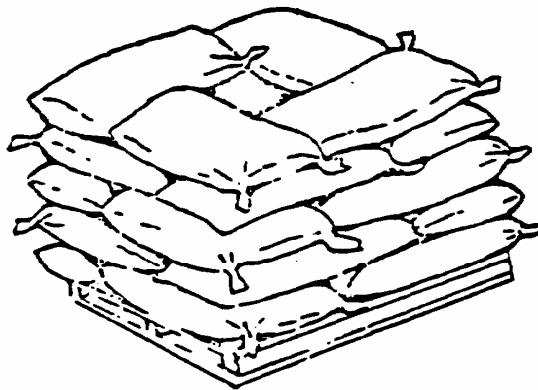


**(RESERVED)**

FNS HANDBOOK 501  
EXHIBIT V-1

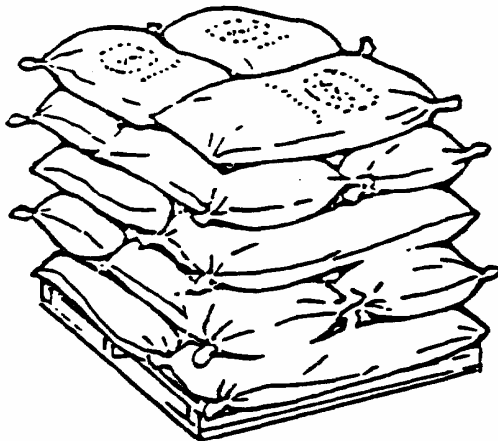
STACKING - EXAMPLE NO. 1

The arrangement of cases or bags within a stack influences the safety of handling palletized foods with power equipment and the stability of high piled foods. When foods are to be piled high, it is essential that the cases or bags be "tied in" or "locked." Examples of correct methods of stacking are shown in the following illustrations.



Completed Chimney-style  
stacking of 50 pound bags:

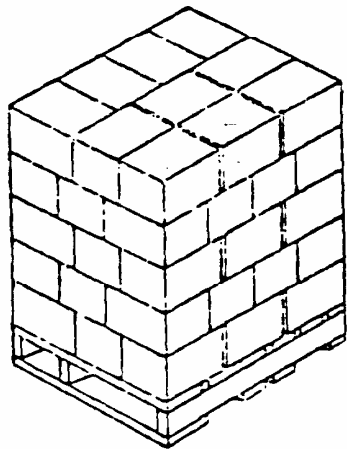
Bags per tier.....	4
Tiers.....	5
Bags per load .....	20
Weight per load...	1,000 lbs.



Completed Lock-style Stacking  
of 100 lb. bags

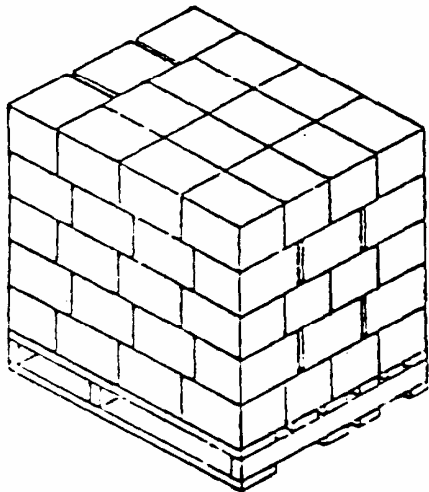
Bags per tier.....	3
Tiers.....	5
Bags per load.....	15
Weight per load....	1,500 lbs.

STACKING - EXAMPLE NO. 2



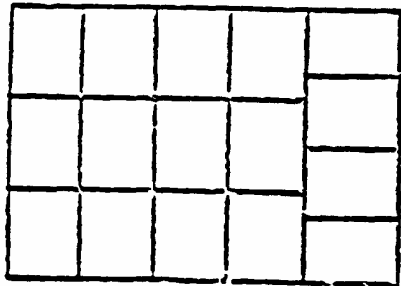
Can Size..... No. 300  
Cans per case..... 24  
Size per case..... 13" x 9 1/4" x 9"  
Weight per case..... 26.75 lbs.

Pallet Size..... 32" x 40"  
Cases per tier..... 10  
Tiers..... 5  
Cases per load..... 50  
Weight per load ..... 1,337.5 lbs.



Pallet Size..... 48" x 40"  
Cases per tier..... 15  
Tiers ..... 5  
Cases per load..... 75  
Weight per load ..... 2,006.25 lbs.

ALTERNATE LOAD PATTERN



Cases per tier..... 15  
Tiers..... 5  
Cases per load..... 80  
Weight per load .... 2,140 lbs.

IDENTIFICATION CARD FOR USDA DONATED FOODS

Side 1

IDENTIFICATION CARD FOR USDA DONATED FOODS	
Case Number _____	
Name	_____
Spouse	_____
Address	_____ _____ _____
Case Worker _____	
Reservation _____	Date _____
Recertification Date:	_____

Side 2

Signature of Applicant
Signature of Spouse
Signature of Authorized Representative

[illegible]



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